

EEC to impose trade sanctions on Iran over hostages

European Community decided today to implement jointly the Nations Security Council resolutions against Iran and imposed trade and economic sanctions before seizure excluded

Michael Hornsby
May 18
European Community here today to impose a trade and economic embargo on Iran because of the release of the 52 American hostages held in Tehran. The decision is an effect from next week.

The new measures announced today will, however, be subject to a crucial qualification not envisaged last month in that only those export contracts signed after November 4 of last year—the date when the American Embassy in Tehran was seized—will be covered by the trade embargo.

This restriction will leave the bulk of current trade with Iran untouched. It also falls short of full implementation of the United Nations resolution, which explicitly forbids the sale to Iran of "all items, commodities or products" (other than food or medicines), and makes no distinction between existing or future contracts.

Under the terms of the resolution, EEC member-states must also ensure that no goods—except food and medicine—are shipped to Iran "by vessels, aircraft, railway, or other land transport of their registration or owned by or under charter to their nationals." Nor must they advance any new loans or credits to Iran.

The EEC justifies the time limit on the ground of the severe legal difficulties faced by some member states, especially West Germany and Italy, in cancelling existing contracts.

Britain, which has the legal power to stop all trade with Iran, was not prepared to go further than other member states.

In their statement, the foreign ministers also took note of "certain developments that may be important", in particular the holding of Iranian elections and the imminent convening of the Majlis, the Iranian Parliament. Ayatollah Khomeini has said that the Parliament must have a chance to debate the hostage issue.

Privately British and other officials claim to have been impressed by recent assurances from President Abolhassan Bani-Sadr of Iran.

On the Middle East, Lord Carrington and his colleagues apparently intend to press forward with the formulation of a new policy position, which is expected to be made public at the next EEC summit meeting in Venice. It is understood that this will amount to a recognition of the Palestine Liberation Organization as the representative of the Palestinian people.

There was also agreement among the foreign ministers to explore further the possibilities opened up by the latest Soviet-inspired initiative on Afghanistan. Although quite unacceptable as it stands, because it would legitimize the puppet regime in Kabul—the Soviet proposal is seen to signal interest in the idea of a neutral and non-aligned Afghanistan.

Carter approval: President Carter gave a terse acknowledgement today of the EEC sanctions on his return to the White House from a weekend at Camp David. Mr Carter was asked if he was "pleased by the action of the allies." "Yes," he replied, and then disappeared into the White House.—UPI.

Iran unconcerned: Mr Sadeq Oubzadeh the Iranian Foreign Minister said in Islamabad: "We could not care less in the short or long term. We have made our arrangements with God a long while ago."



Princess Anne cooling off yesterday with an ice cream at the Windsor horse trials, where she competed on Stevie B. (Report, page 11.)

Franco-Soviet summit in Warsaw is shrouded in secrecy

Warsaw, May 18.—President Brezhnev of the Soviet Union and President Giscard d'Estaing arrived in Warsaw today for a one-day, secrecy-shrouded summit which French sources said was at the Soviet leader's request.

Mr Giscard d'Estaing arrived at 6 pm and after being welcomed by Mr Edward Gierk, the Polish leader, was driven to Warsaw where he will stay in an eighteenth-century hunting lodge.

Mr Brezhnev, accompanied by Mr Andrei Gromyko, the Soviet Foreign Minister, arrived about one hour later and was greeted with an embrace by Mr Gierk.

First official word on the summit came in an announcement released by the Polish PAP news agency just as the French President's aircraft was landing. Polish officials had disclosed that the summit would take place during private contacts on Friday.

Palace sources said that Mr Giscard d'Estaing would express "extreme displeasure" with the continued Soviet occupation of Afghanistan and would restate France's firm desire for a withdrawal of Soviet troops from the country.

The summit would also give Mr Brezhnev a "clear perception of the solidarity between the Nato allies. He would use the informal meeting to keep open the lines of communication with Moscow and to form a better understanding between France and the Soviet Union."

One French source said: "The meeting will not mean a break of allied solidarity. It will be used to explore Mr Brezhnev's real intentions and to explain France's position on Afghanistan, the Olympics and détente in general."

The Elysée Palace statement said Mr Giscard d'Estaing had sent messages to both President Carter and Mrs Margaret Thatcher the British Prime Minister, before leaving Paris, and he had spoken on the telephone with Herr Helmut Schmidt, the West German Chancellor.

The French statement said the summit meeting would also be attended by M Jean Francois-Poncet, the French Foreign Minister, and Mr Gromyko.

French sources emphasized that the request for the meeting came from Mr Brezhnev whose desire for an immediate summit was conveyed to M Francois-Poncet by Mr Gromyko when they met in Vienna on Friday.

EEC reproof: President Giscard d'Estaing's visit to Poland for tripartite talks drew a mild reproof at a meeting of EEC foreign ministers today.

Signor Emilio Colombo, the Italian minister, said he would have liked to have been informed in advance about the talks as the current president of the EEC Council of Ministers.

But he told a press conference that events were moving so fast that it was difficult for everyone to be kept informed.—UPI and Reuter.

Secrecy in Paris: President Giscard d'Estaing's departure for a one-day meeting with Mr Brezhnev at the palace of Wilanow, outside Warsaw, has been wrapped in secrecy. For the past 48 hours, the Elysée Palace refused to confirm or deny that the meeting was taking place, in spite of reports from informed Polish sources, officially that it had been arranged by Mr Gierk (Charles Harcourt writes from Paris).

Why mystery was cast over the affair is not clear. Perhaps the French President is trying little by little to reinstate the more effective ways of secret diplomacy as a means of tackling explosive international issues, by contrast with the "marker-place diplomacy" as it is sometimes described here, favoured by the United States with disastrous results.

On several occasions since December, and especially when Mr Gromyko came to Paris last month, the Soviet Government has indicated its desire to restore with France the former climate of confidence.

Warsaw pact anxiety: At last week's Warsaw Pact summit, the Russian's East European allies pressed for urgent steps to overcome the international tension. (Dessa Trevisan writes from Belgrade).

According to East European sources, Mr Brezhnev undertook to seek contacts with West European leaders to reach some understanding that would restore confidence and lead to a settlement in Afghanistan.

Warsaw was chosen as the venue as Mr Gierk enjoys the confidence of Mr Brezhnev. Poland has a special relationship with France and the Poles have hardly concealed their disapproval of the Soviet invasion of Afghanistan.

Gains for Russians, page 8

Britain offered worse budget deal

Mr Owen Correspondent
May 18
EEC foreign ministers progress in Naples towards a settlement of the over the size of the contribution to the budget. Senior British officials admitted afterwards a gap between what was asking and what member states were prepared to offer had, if anything, widened.

The outcome was a severe disappointment to Lord Carrington, the Secretary. He had been for solid progress, as informal meeting to way for a final joint of foreign and agricultural ministers later in Brussels, where touches might be put clear.

British now see little that the matter can be before the next EEC in Venice on June 12.

The only encouraging aspect of today's discussions from the British point of view was the general agreement that whatever financial relief was granted to Britain should run for three years. Although ideally they would prefer a longer period, the British consider that three years would be just about acceptable.

The amount of hard cash on offer, however, is now less than Mrs Margaret Thatcher rejected as inadequate last month in Luxembourg. Herr Hans Dietrich Genscher, the West German Foreign Minister, told Lord Carrington that the German offer made in Luxembourg had been withdrawn.

In Luxembourg Mrs Thatcher was offered a ceiling of about £325m on Britain's net contribution this year, rising to about £490m in 1981. This would have compared with the expected British deficit of £1,100m this year.

Speaking after today's meeting, Signor Emilio Colombo, the Italian Foreign Minister and current EEC president, said there would be a meeting of EEC finance ministers later this month to draw up estimates of the net budget positions of member states over the next three years.

The British are also alarmed by France's announcement that it has prepared national measures to support its farmers if Britain continues to veto a 10 per cent EEC farm price increase pending a budget settlement. British officials suggested that such measures might be illegal.

If the French did go ahead with national measures, it would amount to some sort of a French ultimatum to Mrs Thatcher of what she has paraded as her "trump card" in the budget dispute: her ability to deny farmers on the Continent a price rise which she was able to give to her own farmers by successive devaluations of the "green" pound.

Continued on page 2, col 6

Cannabis valued at £10m seized

By Stewart Tendler
Crime Reporter
Customs investigators recovered 10 tons of herbal cannabis worth an estimated £10m on the streets in raids at the weekend.

The haul indicates a change in the patterns of trade in the drug. Supplies of cannabis for Britain and Europe usually come from North Africa or the Middle East, but that recovered yesterday is thought to have come from the United States.

It is believed that it was brought across the Atlantic after being grown either in the United States or in Mexico, which is one of the main suppliers of the American market.

The seizure is the latest in a number of large customs operations over the past 18 months. It began in March with reports of cannabis being washed up on the beaches of the Isle of Mull in western Scotland.

Last Friday the customs seized the Baghera, a 50ft schooner, at Oban. Then a man was arrested at an hotel at Lavenham, Suffolk. After he was questioned in London three addresses were raided.

Five tons of cannabis were found at a bungalow in Invernesshire. A further 18 tons were found at a farm near Basildon, Essex, and another two tons in a thatched barn at Pytchley, near Kettering, Northamptonshire.

In all 12 people were being questioned last night.

Continued on page 2, col 6

Rocket success boosts Chinese arms power

Peking, May 18.—China today successfully fired an inter-continental-range rocket into the Pacific Ocean, boosting its space research programme and adding to its strategic missile capability.

A brief announcement by the New China news agency said: "China achieved complete success this morning in launching its first carrier rocket to the designated area in the Pacific Ocean."

Diplomatic sources said the success of the test demonstrated that China had the capacity to hit targets in Europe and the United States with its strategic missile force.

The Chinese statement gave no details of the launching site in mainland China or the type of rocket tested.

China announced on May 9 that it would fire a test rocket into the Pacific between May 12 and June 10. This brought protests from Japan, Papua New Guinea, the Solomon Islands and Fiji.

The statement did not indicate whether today's test was likely to be followed by another before June 10.

Western experts said that China was developing a ballistic missile believed to be a two-stage liquid-fuelled rocket designated CSS-X-4, with possibly a three-stage version called the "Long March Three" for use in satellite launches and space research.

Australian watch: Two Australian warships today watched the reentry of the Chinese rocket into the upper atmosphere. Mr James Killen, the Australian Defence Minister said in Canberra.—Reuter.

Photograph, page 7
Leading article, page 17

Pessimism in Saudi Arabia on regime's future

Extreme, but certainly the seeds of disintegration have been sown. The strength of Saudi society has been its cohesive nature. But as fiscal stringency deflates, the money makers are petrified and among the urban poor it is common to hear envy expressed.

Corruption among the less impressive members of the Royal family, and particularly among a group of spoiled sons of senior princes, who are generally believed to use undue influence for excessive payments, is provoking widespread resentment and, most seriously, the respect commanded by the sons of King Abdul Aziz is waning.

The Mecca assault and the coincidental Shia rioting in the Eastern Province may well come to be seen as the watershed in the fortunes of the kingdom. Until six months ago it was sufficient for the Government to compromise tradition and development through public probity and private licence, with compliance bought, as is traditional in Arabia, through easy money.

Most Saudis, pious or not, were appalled by the sacrilege of the attack on the Holy Haram; few Sunnis were moved by the plight of the Shia Muslims, a despised minority of 120,000 in a country where the most reliable estimates of population run between six and seven million.

But, at least with the Mecca insurgents, that someone had finally broken free to demand change.

The incident was regarded as finally forcing a choice between reform and reaction, demonstrating that the old compromise was only temporary. The liberal tolerated the lack of cinemas, drink or the right of free assembly, and the conservative the presence of large numbers of foreigners, television and football as long as both thought the situation would improve. Mecca showed the patience of the right had run out, though.

It seemed that Saudi Arabia had risen to the challenge. Crown Prince Fahd was reported as having told the Council of Ministers, the Cabinet, that Mecca would not be allowed to stand in the way of development. He later announced to foreign journalists that demand change.

Continued on page 8, col 1

Italian footballers banned after scandal

Peter Nichols
May 18
A betting scandal which y and brutally broke the Italian football still in many Italians, today elmed the most powerful of them all, with the to relegate the AC Milan, the 1979 ons, to the second club's president, Signor Colombo, has been for life from any part gency and Paolo Rossi, 's 23-year-old World Cup forward, is disqualified ee years.

Officers of AC Milan should been prepared for the because severe requests en made by the pro- to the Italian Football 's discipline. But they clearly were hundreds of supporters, g flags outside the g in which the sion sat, heard the as a whole was soon in- as television pro- were interrupted to the brief but shocking cement. Milan have never been in the second division in their 82-year-old history.

The ban on Rossi means he will miss the 1982 World Cup and the European Championship, due to be held here next month. Two other leading players, Bruno Giordano and Lionello Manfredonia, of Lazio, were banned for 18 months. Milan's goalkeeper, Enrico Albertini, after a career which saw him play 34 times in international games, was banned for life. So was Lazio's goalkeeper, Massimo Cacciatori.

Rigged matches: The federation's inquiry heard evidence about the alleged rigging of two first division matches earlier this season. In one, Milan beat Lazio of Rome 2-1, and in the other Avellino and Perugia drew 2-2.

Perugia and Avellino will both have five points docked next season, and Lazio, fined 10m lira (about £3,300), will have accepted bribes to enable a betting syndicate to cash in on both the legal and unofficial football fixers.—Reuter and Agence France-Presse.

Greek scandal, page 10

Martial law troops hold 26 and take full control in Seoul

Martial law authorities, who took control of South Korea from the civilian Government on Saturday, announced that they had detained 26 people. Troops with armoured personnel carriers, equipped with heavy calibre machine guns, guarded all key government buildings, newspaper offices and radio and television stations in the capital, Seoul. University campuses were turned into temporary military camps. Political activities are banned and the Armed Forces have supreme power in imposing a set of restrictions reminiscent of the harsher days of former President Park's rule.

Page 7

New top pay round

Further salary increases for senior executives in nationalized industries, top civil servants, members of the Judiciary and armed forces are expected in the Top Salaries Review Body report, to be submitted to the Prime Minister in the next few days. The report is likely to pose embarrassing problems for the Government in view of last week's inflation figures.

Page 19

Binaisa men dropped

Several strong supporters of Dr Milton Obote, the former Ugandan President, are included in the Cabinet announced by the new regime in Kampala to replace ministers who supported the deposed President. Mr Godfrey Binaisa, Brigadier Oyike-Ojok is one of the new ministers.

Page 8

Press collusion against day of action denied

Mr David Basner, general secretary of the General and Municipal Workers' Union, claimed that five national newspapers had been in talks at 10 Downing Street at which a coordinated campaign was organized to discredit the TUC's day of action. All the newspapers, and the Prime Minister's Office, denied the claim.

Page 2

Exodus by Armenians

The number of Armenians granted exit visas from the Soviet Union is rising steeply as Jewish emigration falls off. As many as 40,000 Armenians are estimated to be ready to leave for a new life in the West.

Page 6

BL output down 56pc

Output at BL fell by 56 per cent in March compared with the same month in 1979, according to the Society of Motor Manufacturers and Traders. Ford and Vauxhall production also fell.

Page 19

Aerosols worry US

The United States is trying to persuade Britain to ban the use of certain fluorocarbons used in aerosol sprays. It has been advised that the compounds may damage the Earth's ozone layer.

Page 2

Cathedral appeal: Lord Falmouth launches campaign to raise £300,000 for repairing Truro Cathedral, which is 100 years old tomorrow

Classified advertisements: Personal, pages 27, 29, 30; Appointments, 8, 13, 15, 27; Property, 14, 18.

Nine die in Miami race riots

From David Cross
Washington, May 18
National Guard troops were patrolling the streets of Miami today after a night of race riots, which left at least 10 people dead and more than 120 injured.

The violence erupted late last night after an all-white jury acquitted four white former policemen on charges of beating a black insurance agent to death after a car and motor cycle chase.

Mr Arthur McDuffie, aged 33, died from head injuries just before last Christmas after trying to escape from the police on a motor cycle. The police claimed that his injuries had been caused when his motor cycle crashed, but a medical examiner said that the wounds could have been made by the heavy torches and truncheons carried by the police.

The trial of the policemen, which was held in Tampa, Florida, was regarded among the black community in Miami as a test case for civil rights in the state. When news of the acquittal reached the city, the black community leaders organized a mass rally.

The rally quickly turned into a rampage.

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Re-devastated moorlands may never recover

Land areas in the Peak National Park that are ravaged by fires may never recover.

In North Wales, firemen were confident they had extinguished the 500-acre Snowdonia forest fire.

In Scotland, tens of thousands of birds and small creatures died and more than 2,000 young trees were destroyed when fire devastated a nature reserve. The fire began on Saturday evening on moorland near Placerigg country park at Cumbernauld new town, Strathclyde, where wild creatures are kept in their natural habitat.

Leader page 17	Cannes on the success of <i>Babylon</i> despite a festival snub to British films; Stanley Sadie on Covent Garden's <i>Tristan and Isolde</i> ; John Percival on a remarkable American haller company in Turkey; Michael French on the <i>Politics of Compassion</i> (BBC 2)	turns for West Indians against Northamptonshire		
Letters: On medical training from Professor D. M. Matthews and Mr G. Westbury; a meeting point for all faiths, from Lord Stamp; an Arab view of London, from Mr Ali Mousha Tarabassi		Obituary, page 18		
Leading articles: China's new missile; Housing Bill		Lieutenant-General Sir Robert Hay, Dr C. E. Hubbard		
Features, pages 13, 16	Sport, pages 10-12	Business News, pages 19-26		
Tim Compton on the inflation battle; Vernon Bogdanov on the flaws in the local election system; the identity problem	Athletics: Thompson sets world decathlon record in Austria; Golf: Ballsteroes wins Marini tournament; one of the greats: Motor racing: Reutemann wins Monaco grand prix; Cricket: Richards and Lloyd score cen-	Finance: The City's decision funds should take heed; invisible earnings changing patterns		
Arts, page 9		Business management: Selling expertise overseas; problems of asking too much of accountants		
David Robbin-on reports from		Business features: David Blake on absurdities in the system of mortgage tax relief; Peter Hazel-hurst describes a Japanese business "protection racket"		
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HOME NEWS

Probation officer cries 'murder' at Whitelaw defence of patrol group

From Peter Evans
Home Affairs Correspondent
Bournemouth

A shout by a probation officer of "murder" interrupted Mr William Whitelaw, Home Secretary, on Saturday when he defended the special patrol group after references to the death of Mr Blair Peach, the subject of an inquest after he received a fatal head injury during a demonstration in Southall last April.

Mr Whitelaw told the annual conference of the National Association of Probation Officers: "Surely you and I in a country with a judicial system have the same duty, to await the verdict of the court."

He had been asked by Miss Elizabeth Johnson, of the Middlesex branch, which covers Southall, how he could justify the continued use of the group. She said their tactics were hardly conducive to peace, and dangerous weapons had been found in their lockers.

Mr Whitelaw said there were misconceptions about the role of the group and other police reserves. It was important for the police to have trained reserves.

"Of course, it is important that a reserve of the SPG does not get to a position where it is regarded as something different from the police service." Not that Sir David McNea, the Metropolitan Commissioner, wished that, rather the reverse. The cry of "murder" and Mr Whitelaw's retort to it came when he said: "You would not

expect me to comment on the inquest."

He added that he and Sir David agreed that "if there are those anywhere in the police service where they operate outside the terms of the law, they must be punished according to the terms of the law."

But the group had proved its worth, was extremely valuable and must operate within the proper confines of the law.

The conference yesterday voted for a public inquiry into the clash in Wormwood Scrubs prison, in London, on August 31 last between prison officers and prisoners involving the use of a Mufti (minimum use of force tactical intervention) squad.

The conference called for the squad's disbandment. Miss Helen Schofield, of inner London, said 50 prisoners had been injured.

It is not individual prison officers who are ultimately responsible for the incident in Wormwood Scrubs. If the internal and police inquiries condemn prison officers they will have succeeded again in making them scapegoats for the Home Office," she said.

The conference expressed grave concern that since the introduction of the Children and Young Persons Act, 1969, many juvenile offenders were sentenced to prison department custody instead of receiving supervision and care orders.

Lord Hunt, the association's retiring president, said the way to reduce crime, consistent with individual freedom, was to create a society that was fairer to all.

Cleared secret documents echo today's concerns over Iran and the danger to oil supplies

Service chiefs feared Soviet threat to Afghanistan in 1947

By Peter Hennessy

British fears of a Soviet occupation of Afghanistan and moves against oil-producing states in the Persian Gulf are disclosed in top secret Chiefs of Staff committee minutes and memoranda for 1947 released at the Public Record Office on Friday.

In language that could be taken from a present-day meeting of the Chiefs of Staff, Admiral Sir John Cunningham, the First Sea Lord, said: "After the Russians were established in Afghanistan they would be well placed to threaten our communications through the Strait of Hormuz and any possible oil outlets in the south-east corner of Persia or Baluchistan."

Lord Montgomery of Alamein, Chief of the Imperial General Staff, was particularly worried that with Britain's withdrawal from India, "Afghanistan may feel less able to resist Russian penetration".

The chiefs dispatched a minute to the Foreign Office expressing their fears.

The 1947 Chiefs of Staff papers contained several gaps. All documents on chemical and biological warfare and the minutes of regular oral reports presented by the directors of intelligence have been retained by the Ministry of Defence.

Item 2 of the committee's agenda for August 27, 1947, for example, dealt with "Soviet interests, intentions and capabilities". The file reveals that Major-General Sir Stewart Menzies, Director of the Secret Intelligence Service, was present, but a confidential annex containing a note of the discussion has been withheld indefinitely.

In place of the missing minute a note has been attached to the Departmental Record Office of the Ministry of Defence dated April 25, 1980, stating that the document has been retained under section 3 (4) of the Public Records Act, 1958.



General Slim: "Firmness, not appeasement."



Admiral Cunningham: "Oil outlets vulnerable."

The ministry's "weeder" has struck out the words "closed for 50 years" and "closed for 75 years". So, officially, the minute is closed for ever, though it will be reviewed automatically in 1990.

The Chiefs of Staff committee's assessment of the Soviet threat in 1947 can be gauged, however, from a report prepared by General Sir William Slim, Commandant of the Imperial Defence College, with which they expressed general agreement on January 1. He said:

Russia by reason of her policy, Government and economy can be taken as the only potential aggressor. While it is not considered that Russia intends to embark on a major war, she may, by reason of her forward policy, eventually over-reach the point at which other powers would be forced to take up arms against her.

A third world war would ruin the country economically, he continued. So the first object of policy should be to avoid it. Firmness, not appeasement, was the best hope.

Should the Soviet Union attack the West it would be with airborne atomic bombs and biological warfare. (The Soviet Union had yet to test an atomic bomb, but Slim thought that the Russians "have some atomic weapons".)

The Red Army would move to the Channel coast and mount short-range rocket attacks against the United Kingdom.

Britain would need to be able to retaliate with atomic weapons.

Britain showing signs of moral decay, police chief says

Britain is showing some of the signs of a morally decaying nation, Mr James Anderton, the Chief Constable of Greater Manchester, said on Saturday at the launching of a campaign by Mrs Mary Whitehouse to tighten the obscenity laws.

He criticized the findings in the report last November of the Williams committee on obscenity and film censorship. "The committee proposed fundamental reforms of the obscenity laws and recom-

mended that the written word should no longer be subject to obscenity laws and that people wanting to buy pornographic picture magazines or see pornographic films should be able to do so in strictly controlled circumstances.

Mr Anderton told the annual convention of the National Viewers' and Listeners' Association in Birmingham that the law and the police could not stop the drift to communal

immorality. The report had been a great disappointment, he said. It had hardly got to the source of the matter and "appears to have pandered to the fashionable whims of people whose approach to this ghastly human issue is much too remote and academic".

Little recognition or admission had been given to the substantial links between pornography and other deviant and criminal behaviour. "Pornography is a dangerous

threat to family life in this country, and unless something is done to curb it we may be guilty of bestowing on our children a legacy of lechery and licentiousness that will irreparably damage the moral and physical wellbeing of our communities.

Mr Anderton accused the committee of "incredible naivety" and predicted an increase in "home-produced pornography from which children will not be excluded,

Councillors' offences on spending undefined

By Our Political Staff

Local councils should be told how the Government proposed to define the offence of "overspending", and what the penalties would be, Mr Roy Hattersley, opposition front-bench spokesman on the environment, told the Labour Party southern region local government conference in London on Saturday.

New councils would take office this week all over the country, Mr Hattersley said, and a dozen or so were to be punished for keeping their promises to the electors. "Yet we do not know which councils are to be punished, how their crime will be judged, or what the penalty will be," he said.

"All the Government has said is that overspenders will be 'fined' in the autumn, that they will not receive all the rate support grant to which they are entitled... the way the Government intends to define overspending has never been revealed.

"Mr Michael Heseltine, the Secretary of State for the Environment, has talked arrogantly about judging councils by their councillors' speeches, but finance committees have had to allocate their spending, and determine the level of their rate, without any guidance about the sort of income and expenditure levels which would result in their authorities being punished and penalized."

Mr Hattersley said that if the country had a bill of rights, about which the Lord Chancellor used to speak, such conduct would be illegal. In a free society councillors should not be convicted of undefined offences. Nor should they be punished under retrospective legislation, as would be the fate of some councillors, because the spending and rating decisions they had made last March were legal at that time.

Tory policy 'may bring hostility to the poor'

By Pat Healy
Social Services Correspondent

Government social policy could lead to "an orchestrated by enemies welfare state to mobilize tility against poor people the services on which depend", Professor David Nelson, chairman of the S mentary Benefits Comm said in London on Satur

Treasury ministers officials must be conc already that the long-st political assumption that attacks on the social s ould "bring down the cal heavens" was no true.

No great uproar had created by drastic steps abolishing the earnings supplements to benefits, ing to maintain the real of benefits.

"On the contrary, the to be widely approved, fessor Donnison told the meeting of the Child Action Group. "You sure that the enemies welfare state will learn lesson and return to the in future."

Britain was passing a political watershed of dimensions. All gover since the Second Worl had supported the princ supporting families, people off means tests, people back to work and ing unemployment.

"Today the Governme made it frankly clear that are not among its im priorities", he said.

The Government had steps that would have t ognized and accepted sequences of increasin already rising rate of ployment, putting more on means-tested benefi reducing the real val benefits for the family. He accepted that the ment believed its l would lead to economic tion, but the casualties mounting steadily.

"The people who are ing most severely are families with one or two ren on modest in ironically, the very peop last May seem to have most decisively to the of the Conservatives brought them to power."

The public had grown less generous to in need as general living ards fluctuated.

Cuts in living standa low paid workers an average family could attention on the pro given to rising numbers plementary benefit cla who would be cushione rising rents and rates, meal prices and p higher fuel costs.

The poverty lobby therefore concentrate fi the living standards of o low-paid working fami their living standards fe would have little sym spare for those poorer themselves.

Hunt for arsonist

Detectives were set yesterday for a fire-rai has set light to 20 straw over the past few mont at the weekend started on a farm near Bot Cambridgeshire.

Many children in care of minders 'unhappy'

By Diana Geddes
Education Correspondent

A study of registered child-minders in Oxfordshire indicates that one in three children in their care show signs of unhappiness and depression.

The study, which is published today, is one of six to emerge from research into the provision of out-of-home care for children under five. The research was carried out between 1974 and 1979 by the Oxford Pre-School Research Group with a grant from the Social Science Research Council. Three of the other studies are also published today.

The research was directed by Professor Jerome Bruner, formerly Professor of Psychology at Oxford University, now Professor of Psychology at Harvard, who has been closely associated with the Head Start programme for preschool children in the United States.

Professor Bruner says Britain has a lamentable record in publicly financing the provision of care for preschool children. Both of the main political parties had paid lip service to the desirability of improving the provision, but little had been done, he adds. Yet the need is greater than ever. He points, for example, to the big increase in the number of working women in Britain during the past 25 years.

Most European nations provide well for the preschool children of working mothers, the professor says. In France, for example, 25 per cent of two-year-olds, 70 per cent of three-year-olds, and almost all four-year-olds attend state-fi preschool facilities. Man open from 8 am until 6 to cater for mothers with time jobs.

In Britain only about cent of four-year-olds, per cent of three-year-olds provided for by the st says. Britain is one poorest state child-care i western Europe, Pr Bruner says, yet arguab best record in the world voluntary sector.

He is full of praise f work of voluntary group as the Pre-School Play Association. The asso provides play group plac 500,000 children at less fifth of the capital cost same number of nursery places. The play groups o at about the same cost schools' running costs.

The professor agree play groups vary wide their quality, but sugges on average there is not to choose between the advancin play group those by maintained schools or classes.

He views child-mind "a risky form of care with initially syma kindly and conventiona should not be expanded out some reliable mea spotting early on children failed to thi such care."

Even in homes of regi minders in Oxfordshire, toys and gardens are ava he says, most children found to be noticeably detached and subdued.

Red Arrows salvage adds to Brighton's attractions

The salvage of an RAF Red Arrows jet which had crashed into the sea off Brighton on Saturday became the resort's latest tourist attraction yesterday. Thousands watched as a naval recovery ship winched the Hawk jet's fuselage aboard and many small boats moved in for a closer view.

The jet, whose pilot, Squadron Leader Stephen Johnson, ejected crashed during an aer display over the sea. Wreckage was scattered the sea bed and the s operation is likely to several days.

Bomb disposal experts called in to inspect the two ejector seats becau salvage team was uncerti their condition.

Middle Tar Taste at Low Tar

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HOME NEWS

Dangerous prisoners not free because hospitals refuse them

Lucy Hodges
Three potentially dangerous mentally disordered prisoners at the Home Secretary's disposal should be detained in hospital have been given total freedom instead in the past few weeks because no hospital would take them.
Three other people have been transferred from Rampton, the high security hospital, to a local National Health Service hospital.
What was disclosed last week in answers to parliamentary questions from Mr Robert Kilroy-Silk, Labour MP for Wokingham, who is concerned at refusal of local psychiatric hospitals to admit patients whom they consider potentially violent or disruptive.
The difficulty lies not only in running such units but also with the failure of local health authorities to fund the regional secure units recommended as a matter of "great national priority" by a Butler committee in 1974.
Local health authorities have been asked to contribute to the cost of such units, but in some cases the money has not been paid.
Mr Kilroy-Silk said that a reply to one parliamentary question, Mr William Whitelaw, the Secretary, told him that

a man aged 26 who had been waiting for almost two years for a hospital place in the Oxford region was instead discharged from Dartmoor prison on April 29 at the end of his sentence.
"It is extremely worrying that persons who the Home Secretary believes should be detained should be left to roam the streets," Mr Kilroy-Silk said.
"Moreover, they are being denied the medical treatment and nursing care that they need and which is their right either because regional health authorities have not yet provided the secure units for which they have received clearance or because local NHS hospitals refuse to take these patients. As a result the public is put at risk."
A total of 19 male prisoners recommended for transfer to local psychiatric hospitals under Section 72 of the Mental Health Act, 1959, are awaiting hospital places. The MP has tabled another parliamentary question to the Home Secretary asking for an assurance that no more prisoners whom he considers to be a threat to the community will be discharged.
Many more people in Britain's four high security hospitals are awaiting transfer to ordinary hospitals. Of 183 men and women, 17 men and six women have been waiting for more than four years.
Mr Kilroy-Silk said that they were being held in unsuitable surroundings and with unnecessary security.

Centenary appeal for Truro Cathedral

Frances Gibb
A hundred years ago to mark the foundation-stone of Truro Cathedral was laid; it is the first new Anglican cathedral since the Reformation.
It had been made possible by 30 Cornishmen scraping the £100,000 needed building costs, a remarkable sum at a time when the country was suffering from a recession in the mining industry and many were unemployed.
Tomorrow, as the cathedral celebrates its centenary with a service to be attended by the Prince of Wales, it is in need of thousands of pounds. But £100,000 at current prices will meet only a third of the amount needed.
Like many cathedrals, Truro is in need of urgent repairs. Stonework has been eroded by the action of salt-laden air from the south coast of the county and further deterioration will rapidly take place if decay is not arrested.
The most urgent task is the repair and replacement of the central tower stonework before it becomes structurally dangerous. That alone, it is estimated, will cost £100,000.
There is the magnificent window in the south transept where the stone has been eroded and further damaged by the rusting of iron bars tightening the window.
Altogether there are 300 windows in the cathedral which are threatened because their 10,000 ends of iron work, embedded in the stone, are similarly rusting.
Lord Falmouth has launched an appeal aimed at raising £300,000. People ask why a comparatively new cathedral should need money for repairs and maintenance, he says. But at the time the cathedral was built no provision was made for upkeep.
It is hoped that if enough money is raised a capital fund may be set up for day-to-day maintenance so that defects can be repaired as they appear and not left "until they become yawning chasms", he says.
Unlike 100 years ago, this money-raising venture is a national one. The cathedral, designed by John Loughborough Pearson, RA, is considered an outstanding example of late Victorian architecture.
Lord Falmouth has asked all who "love Cornwall, whether they are of Cornish descent and now live abroad, or who visit our county in their thousands in spring and summer", to help.
Donations may be sent to the Appeal Fund, Truro Cathedral Appeal Office, The Chantry, The Cathedral Close, Truro, Cornwall, TR1 2TP.

IPs are to question senior civil servants on job cuts

Our Political Staff
The senior civil servants, led by Sir John Herbeck, second permanent secretary at the Civil Service Commission, will give evidence to a subcommittee of all-party Select Committee on the Treasury and the Civil Service at the House of Commons today.
The other departments represented will be Defence, Health, Social Security, Environment and the Inland Revenue.
The committee is asking how it is possible to cut 75,000 civil servants in the next four years, bringing the total to 100, as announced by Mrs Margaret Thatcher last week.
John Patten, Conservative MP for Oxford, speaking at the committee on Saturday, said the civil service should be able to do this without any loss of service. "In particular, the

top-heavy senior levels need to be pruned ruthlessly," he said.
"There are simply too many chiefs, and too much money is spent on their salaries and pensions."
But cutting staff numbers was only half the answer; curbing pay was equally important. "We are living through the second highest pay explosion this century and it is sad to see that the public sector settlements have been making the pace that the private sector tries to follow."
Sir Geoffrey Howe, Chancellor of the Exchequer, in a radio interview yesterday said the Government was examining whether civil servants and other public servants, including politicians, were paying the proper price in their salaries for their inflation-proofed pensions.

Architecture

160 seek new award for visual delight

Charles McKean
The winner of the winners' award for the latest year of the competition will receive £5,000 and a year's custody of the Ambrose Congreve Medal.
The competitors are not required to do any additional work for the accolade, simply enter their building on the correct form; £5,000 and publicity, for no extra work, is a lot.
The only catch is this: which modern buildings can be held to uphold sixteenth, seventeenth and eighteenth-century principles, and who is to assess them?
The judges are known: Lord Rine, Sir John Summerson and Philip Dowson. It would be a clever architect who could draw any particular inferences from them. Sir John was involved in the MARS group in the 1930s, is a convinced Modernist and is now noted for being curator of the Sir John Soane Museum and author of a delightful architectural history.
Mr Dowson is senior partner of Arup Associates, possibly one of the best and certainly one of the most austere designers in Britain. His inclusion in the jury is likely to exclude a collection of buildings designed by his practice which would have been preeminently worthy of consideration.
Clues to his architectural approach were disclosed in a talk given two years ago on his delight in designing. His interest in architecture was started in carpentry, in making his own furniture.
Perhaps as a consequence his buildings take delight in making every joint show, as in a table or

chair. That is far from the way various pieces of a building flow into each other in an eighteenth-century building designed, say, by Robert Adam.
What will appeal therefore is not clear. The organizers have received more than 160 entries and a spate of enthusiastic letters welcoming an award that concentrates on visual delight.
The correspondents possibly have failed to realize that by choosing this particular criterion the organizers have made the award, far more than any other, an idiosyncratic one. After all, taste is always said to be a matter of opinion.
There are architects who still design, and do so very faithfully and inventively in the eighteenth-century style. Notably the Essex office of Raymond Erith and Quintan Terry. There are those, such as Piers Gough, who choose eclectic and often frivolous shapes and forms for humdrum buildings.
There are mainstream architects to whom the exterior composition matters less, and the high-tech architects to whom it matters not at all, save only that it is water-tight and elegant, vide the Sainsbury Centre in Norwich by Foster Associates.
How, therefore, can the elegance of taste of the eighteenth century be said to transpire to the twentieth? Will one seriously be talking about proportion, composition, light and shade, a hierarchy of spaces and all the other precise techniques by which the eighteenth-century architects built up their delight?



A 100-year-old miniature tree from Shantung which will be part of China's first exhibit at the Chelsea Flower Show, opening to the public in London on Wednesday.

Kirk hardliners ready to resist ecumenism

From Ronald Faux
Edinburgh
The General Assembly of the Church of Scotland meeting in Edinburgh this week is unlikely to ignore the bitter paradox of violence and hate perpetrated in Scotland in the name of religion.
The battling Celtic and Rangers football supporters who were controlled by a baton charge of mounted police at Hampden Park, Glasgow, underlined the malice between Roman Catholic and Protestant communities, notably those who use their religion as a tribal sign rather than as a faith.
The search for an escape route from such a blind, sectarian alley has moved the general assembly towards ecumenism, although even the little progress that has been

made has been met with some prickly reaction from hardline Protestants.
The first rally of the pressure group, Concern for the Kirk, in the Usher Hall, Edinburgh, showed the feeling against a closer understanding between the Roman Catholic Church and the Church of Scotland. There were violent interruptions from extreme Protestants.
Some Kirk ministers feel the practical influence of either church is not strong enough to demolish the rituals of hate performed in their names.
Those concerned for the Kirk include a number of groups who resist contact between the opposite wings of Christianity. They are the National Church Association, which keeps a vigilant watch on reformed wor-

ship, the Lord's Day Observance Society, the Reformed Fraternal and the Grand Orange Lodge, representing 80,000 Orangemen in Scotland.
Feeling runs strongly. The disapproval of many Protestants at the Kirk is nominally based on the 1647 Westminster Confession of Faith, on which the dogma of the Church of Scotland is founded. It describes the Pope as the anti-Christ.
The most likely debating point for Roman Catholic Protestants at the assembly will be the report of the joint Commission on Christian Marriage, which has been studying Roman Catholic and Protestant marriages.
It is possible now to hold joint weddings in either church and the non-Roman Catholic

partner no longer has to sign an undertaking to bring up children in the Catholic faith. Catholics still insist that their church members must marry before a priest of their faith unless a dispensation is allowed by a bishop. It was once virtually impossible to get dispensation.
The Church of Scotland spokesman said: "The fact that dispensations are now granted more readily shows a willingness to allow mixed marriages. Those contacts between the churches have made some progress towards resolving the conflict between the two communities. It is felt that the chance of improving them depends on how seriously the hardline Protestants influence the leaders of the 800,000 Scottish Roman Catholics."

Expert doubts plan to change Irish border

From Christopher Thomas
Belfast
Dr Paul Compton, a leading authority on the distribution of Roman Catholics and Protestants in Northern Ireland is sceptical of some of the proposals made in letters to *The Times* for changing the province's border.
"While superficially an attractive proposition", he said, "a new partition would not form a basis for the solution of the Irish question unless accompanied by wholesale transfers of people between the Irish Republic and the redefined Northern Ireland."
Dr Compton, senior lecturer in geography at the Queen's University, Belfast, provided *The Times* with a map based on the 1971 census, showing the distribution of Roman Catholics. The information from the 1971 census is believed still to provide an accurate picture.
He said: "The basic problem with a repartition strategy is that there are no extensive areas of the province in which the nationalist population forms a substantial majority. The territory west of the river Bann is not predominantly Roman Catholic, as many seem to think."
Dr Compton believes that only comparatively minor border readjustments are possible

without involving almost as many Protestants as Catholics, in the following areas:
1. The southern central area of the Newry and Mourne district, including Crossmaglen (more than 80 per cent Catholic and a large nationalist majority).
2. Two districts of co Fermanagh: Garrison in the west and Derrylin in the south-east (both more than 80 per cent Catholic).
3. The Londonderry area west of the Foyle (up to 80 per cent Catholic), and the town of Strabane.
If those areas were given up, the Catholic population of Northern Ireland would be reduced by about 90,000 to approximately 480,000. North-east Antrim and parts of mid-Ulster, the only other predominantly Catholic areas outside Belfast, are sparsely populated.
One suggestion sent to *The Times* was to cede to the Irish Republic the territory south-west of the road between Strabane and Auchnacloy. Dr Compton said that this suffered from the serious flaw that there were almost as many Protestants in the territory as Catholics, who it could be assumed would wish to remain in the United Kingdom. And not all the Catholics would prefer to live in the Irish Republic.

Haughey autonomy pledge

By Our Political Staff
Mr Charles Haughey, on his first official visit to London since becoming Prime Minister of the Irish Republic, will on Wednesday put forward proposals designed to bring an end to the troubles in Northern Ireland.
His plans, according to officials in Dublin, include common citizenship rights for Irish and British people, a new all-Ireland constitution guaranteeing Ulster's regional autonomy and the rights of the Protestants and Anglo-Irish cooperation on defence and foreign policies.
If the British government

agrees to further consultation, Mr Haughey will propose constitutional talks between the republic and the United Kingdom, with Northern Ireland parties fully represented.
In Whitehall yesterday it was clear that ministers had some knowledge of Mr Haughey's plans through diplomatic exchanges. It was explained that the proposals would be given serious consideration in the discussions.
Mr Haughey and his party will be received at 10 Downing Street by Mrs Margaret Thatcher, Mr Humphrey Atkins, the Secretary of State for Northern Ireland, and a Foreign Office minister.

Young form group to fight Tories

By a Staff Reporter
A revolutionary socialist youth organization has been launched by more than 200 people between the ages of 14 and 26 who attended a conference in London at the weekend.
It plans to organize "youth against the Tories" groups in schools, colleges and work places, to campaign for contraception and abortion facilities for young people, and to press for the abolition of the age of consent laws.
The conference was organized by the newspaper, *Revolution*, launched by the International Marxist Group in 1978. Mr Tariq Ali, a prominent IMG member, addressed the conference on Saturday. The organization says it will be independent of IMG, but intends to collaborate with it.
The organization's objective is "the mobilization of youth on the side of the working class to overthrow capitalism in Britain and on a world scale in order to begin the construction of a democratic socialist society". It intends to forge links with similar groups abroad.

Protest at fines for illegal radio

Citizen band radio enthusiasts staged a demonstration in Tunbridge Wells, Kent, on Saturday in protest at fines totalling £600 imposed on a woman by the town's magistrates for using an illegal transmitter.
Police escorted more than 100 cars, vans and motor cycles carrying big yellow posters urging the legalizing of citizen band radio through the centre of the town and about 300 people distributed leaflets in support.

Now you know us
better, please call us by
our first name

Sedgwick Forbes Bland Payne
is now known as

Sedgwick

WEST EUROPE

New Belgian Cabinet formed after accord on austerity measures

Brussels, May 18—King Baudouin today appointed a new Belgian Government headed by Mr Wilfried Martens.

The Government has 36 members of the French-speaking and Flemish wings of the Socialist, Christian Democrats and Liberals.

Mr Martens's previous administration fell on April 3 when six senators from his own party, the Flemish Social Christians, voted against the Government on a devolution Bill offering partial autonomy to the country's five and a half million Flemish and four million French speakers.

The senators who precipitated Mr Martens's downfall wanted stronger guarantees for Flemings in Brussels under a long-contested plan to grant partial self-rule to the capital, French-speaking Wallonia and Dutch-speaking Flanders.

The new administration includes the right-wing Liberal Party which has been in opposition since 1977. The six parties have agreed to press on with the reforms for Flanders and Wallonia, and deal with the thorny problem of Brussels at a later stage.

Brussels, a mainly French-speaking city surrounded by Flemish territory and with a vociferous Flemish minority, has been the stumbling block to agreement on plans for devolution.

The parties' pact also includes a package of financial austerity measures, aimed at cutting government expenditure by 2.2 per cent, and a cut in direct taxation reflecting the inclusion of the Liberals in what was a centre-left coalition.

Mr Charles-Ferdinand Norbont, who is 44 and a French-speaking Socialist, has become Foreign Minister, replacing Mr Henri Simonet.

Mr Simonet's French-speaking Socialist Party lost its long hold on the portfolio during the lengthy negotiations leading to the new Government.

The Defence Ministry is taken by Mr Charles Poswick, a French-speaking Liberal who replaces Mr José Desmaretz of

the French-speaking Social Christians. He will face the delicate task of telling Belgium's Nato allies that the Government cannot yet answer a long-standing request to allow new nuclear missiles on Belgian soil.

Mr Martens is 44 and a lawyer from Ghent. His previous administration, dubbed "the last chance Government" when it was formed on April 3 last year, lasted just over a year.

The new Government includes nine Dutch-speaking Social Christians (CVP), five Dutch-speaking Liberals (PVV), six French-speaking Social Christians (PSC), seven French-speaking Socialists (PS) and four French-speaking Liberals (PRL).

The government list is as follows:

Prime Minister: Wilfried Martens (CVP)

Deputy Prime Minister and Communities: Guy Spilliers (PS)

Deputy Prime Minister, Justice and Institutions: Fernand Verbeke (PRL)

Foreign Affairs: Charles Poswick (PRL)

Interior: Willy Claes (SU)

Science: José Desmaretz (PSC)

Public Works: Jos Chabert (CVP)

Defence: Charles Poswick (PRL)

Health and Environment: Alfred Califice (PSC)

Education (Dutch): Willy Calwaert (SP)

Agriculture and Middle Classes: Albert Lavens (CVP)

Flemish Community Affairs: André Kempinaire (PVV)

Mark Galle (SP) and Mrs Rika de Backer (CVP)

Posts: Herman de Croo (PVV)

Welfare: Luc Dhooze (CVP)

Budget: Gaston Geens (CVP)

Walloon Affairs: Jean-Maurice Dehoussé (PS)

Education (French): Guy Mathot (PS)

Commerce: Robert Urbain (PS)

Cooperation and Development: Mark Eyskens (CVP)

Labour: Roger de Wulf (SP)

French Community Affairs: Michel Hansenne (PSC)

Brussels Affairs: Mrs Cécile enor (PSC)

Civil Service: Elie Dewormé (PS)

Interior: Philippe Moureaux (PS)—Reuter.

Austria reelects president by big majority

Vienna, May 18—President Rudolf Kirchschläger was assured of reelection today by a big majority in the last Austrian presidential election, according to early computer projections.

With 40 per cent of the votes counted, the projections said Dr Kirchschläger had obtained 79.8 per cent of the votes, compared to 51.7 per cent in the previous election.

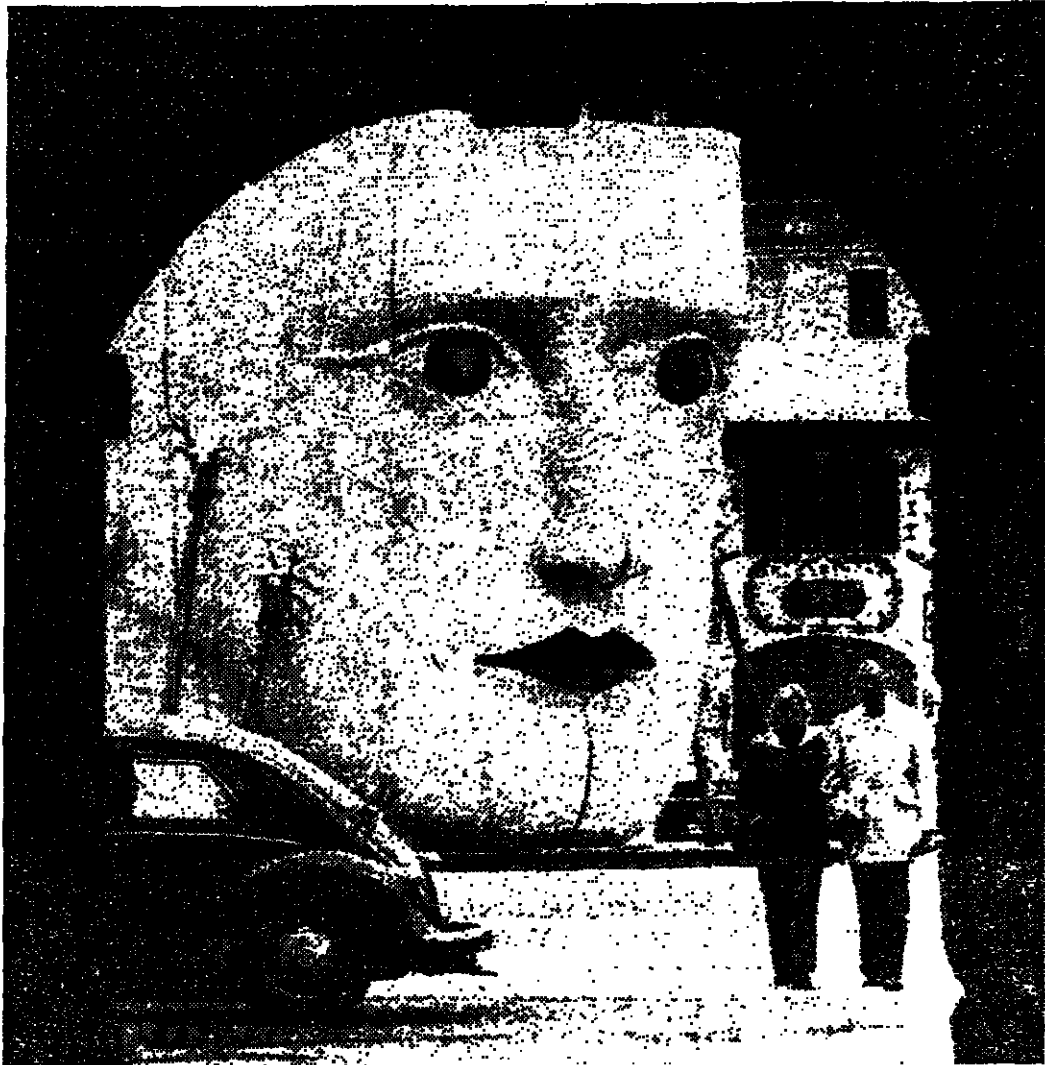
The President, who is 65, is a non-party man holding a largely ceremonial post. He was nominated by the Socialist Party led by Dr Bruno Kreisky, the Chancellor. He promised to remain

Leftists attack US cultural centre in Berlin

Berlin, May 18—Police clashed with hundreds of leftists in West Berlin last night after demonstrators burned an American flag on the roof of the America House cultural centre.

A police spokesman said at least 48 policemen were injured in the fighting. Demonstrators also smashed windows of the Europa Centre shopping complex in the city.

The spokesman added that the incidents appeared to be connected with the annual military parade staged yesterday by the three Western allies controlling West Berlin—the United States, Britain and France.



An eye-catching giant face, an opera prop from Graz, overlooks a yard in Admont, Austria, as part of a local music exhibition.

Madrid set to step up action against ETA

From Harry Debelius Madrid, May 18

Señor Juan José Rosón, Spain's newly-appointed Interior Minister, made a flying trip to the north of the country this weekend, prompted by six political killings in a 36-hour period.

He firmly rejected recent suggestions that Madrid should negotiate with the separatist Terrorist Movement (ETA (Basque Homeland and Liberty)) in an effort to halt the escalation of political violence.

"The only way to deal with terrorists is by police action," the minister said in Bilbao.

"So we're going to increase the actions taken against the ETA's spiral of violence, and under no circumstances are we going to negotiate."

His tour of the Basque country had been arranged originally for next week, but it was moved forward after a discussion on the latest outbreak of political murders at Friday's Cabinet meeting here.

Those killed on Thursday and Friday included three policemen, shot down in a Sari Sebastián café; two members of the para-military Civil Guard, shot in a bar in Pamplona; and a businessman, shot dead at his small car body workshop in a town near San

Sebastián. Basque extremists are sought in connexion with all six killings.

Mourners attending the funeral services in Pamplona yesterday for the two members of the Civil Guard shouted angry slogans against Señor Adolfo Suárez, the Prime Minister, and his Government.

In another development, the Captain-General of Spain's First Military District, which has its headquarters in Madrid, rejected the sentences handed by a military court on two officers, who were convicted of conspiracy in connexion with a plot to hold the Prime Minister hostage and install a "government of national salvation".

The decision of Lieutenant-General Guillermo Quintana, the military district commander, means that the case of Lieutenant-Colonel Antonio Tejero, of the Civil Guard, and Captain Ricardo Sáenz de Yáñez, of the National Police, must be reviewed by the Supreme Court of Military Justice.

The sentences, seven months for Lieutenant-Colonel Tejero and six months for Captain Sáenz, were so short that the officers have been set free.

Venice talks threatened by terrorists

From Peter Nichols Rome, May 18

Red Brigades terrorists issued a statement yesterday threatening action against the European and economic summits due to take place in Venice next month. The threat was contained in a detailed account of the killing at Mestre last Monday of Signor Alfredo Albanese who was head of the Venice anti-terrorist squad.

The statement described Signor Albanese as "one of those responsible for the organization of thousands of mercenaries who will have the task of safeguarding the lives of the principal oppressors of the world due to meet in June in an occupied Venice".

It referred to the leaders of the nine members of the European Community and of the industrialized countries as "the principal slaughterers of the proletariat", about to meet "to define their ferocious policy".

They thought they would find no resistance from the Italian proletariat, the statement said. But they were wrong: "In harmony with the international communist movement which at this moment is tenaciously combating the capitalist pigs, we of the Red Brigades are expecting..."

The threats accompanying an otherwise routine statement by the terrorists once more raise the question of whether Italian violence can impinge directly on the conduct of international meetings in Italy and on the country's international standing. There was a moment last autumn when violence appeared to some people abroad to have reached that point.

The main example was the Foreign and Commonwealth Office's confidentially stated view that the Queen should not come to Italy as planned next October, but should instead send the Prince of Wales. Those fears have since been assuaged.

Now for the first time the Italian terrorists have publicly threatened to attack an international diplomatic gathering, and have given an indication of being in earnest by murdering the man who would have had a leading part in looking after security at the Venice talks. President Carter will be among the leaders due to go to Venice next month.

The Red Brigades have claimed responsibility for the wounding here yesterday of Signor Domenico Galucci, a Christian Democrat official who headed the governing party's local secretariat in the San Basilio area. He was shot in the legs by six bullets and was taken to hospital for an emergency operation.

He was attacked outside his own home. His wife heard nothing because his assailants used silenced revolvers, but his dog, which was with him, went back to the house and barked until she came downstairs and found her husband in a pool of blood.

OVERSEAS

Another disaffected Soviet group votes with its feet Trickle of Armenians leaving for the West becomes a torrent

From Michael Binyon Moscow, May 18

Soviet Armenians are leaving this country in record numbers. While Jewish emigration has fallen sharply this year, the number of Armenians being granted exit visas has risen steeply in the first four months, in spite of the worsening international situation.

There has always been a trickle of people leaving the small mountainous Soviet republic on the border with Turkey, but in the past two years this has become a torrent. Western consulates in Moscow estimate that as many as 40,000 Armenians may be ready to go. Armenian emigration appears to be unaffected by the tighter regulations on the exit of Jews and other national groups.

About 1,000 Armenians a month are now being allowed to go, most of them to the United States, Lebanon, Canada and France where there are already sizable Armenian communities. Nearly all are from families of Armenians who immigrated here from Europe and the Middle East immediately after the Second World War.

The figures for the United States illustrate the trend. From January to April last year about 170 people a month were granted visas. In the corresponding period this year the figures for each month were 473, 392, 488 and in April 611. Most go to the Los Angeles area. Far fewer Armenians apply to go to Canada, but Armenian emigration now constitutes more than 80 per cent of all Soviet citizens applying to emigrate to Canada.

Soviet officials never discuss emigration policies, but there are several explanations for the exodus at a time of general tightening up on all other emigration.

With the Iranian crisis the Russians may be anxious to clear their strategic border areas of discontented citizens and potential troublemakers. Or they may want to cut back the relatively free and regular visits by people in the West with relations in Armenia and by Soviet Armenians to the outside world.

Or they may be trying to demonstrate that foreign public-political pressure for more emigration is unlikely to work on the quiet request, for family reunification will be listened to. Unlike Jewish or German emigration, Armenian emigration has never been explicitly linked to the attitudes and policies towards the Soviet Union of the United States or other Western countries.

After the war Stalin campaigned to attract here all Armenians who had fled from the Turkish massacres. The campaign, reminiscent of Zionism, insisted that good Armenians had a duty to return to the only homeland that still existed. Soviet ships were sent to Beirut to pick up many poorer Armenians who sold all their possessions and left almost overnight.

These immigrants were given special privileges on arrival, being allowed even to build private houses in Soviet Armenia. But many were disillusioned and now, 35 years later, they are leaving, taking wives or husbands and children born in the Soviet Union.

Since all emigration is officially on the basis of family reunification, Armenians are given visas to go only to Lebanon, where most came from. But the Lebanese Government is now accepting only a strictly limited quota, and only those people who can prove they were registered in Lebanon.

Relatives in Beirut send copies of old civil registration lists. But as with emigrating Jews who receive visas only for Israel, many Armenians only pass through Beirut on their way to the United States.

Jewish emigration, meanwhile, has declined sharply this year from the record level of 1979 when about 50,000 Soviet Jews were permitted to leave. About 10,500 Jews left in the first four months of this year, but the monthly totals have been falling steadily from 3,300 in January to 2,000 in April.

Jewish emigration from the Ukrainian cities of Kiev, Odessa and Kharkov is said to have almost ceased, and the authori-

ties are now insisting invitations from "first-degree relatives" abroad. Many cautious are being turned on the grounds of insubordination.

The Russians have hidden the fact that J emigration is closely tied to international situation as particular to Soviet Trade relations with the United States link first made by the Acaos in the Jackson Amendment.

More than Afghanistan was the decision by Congress most favoured status to extend the same advantages to the Russian heralded the start of decline.

At the time of the agreement with the Chinese Americans wanted to offer favoured nations status to Russians as well in return for a formal undertaking Jewish emigration. But the original passage of Jackson-Vanik Amenc Moscow refused. When trade arrangements through, the number of leaving immediately began decline.

Matters were made worse by the fact that the subse Russian status in Soviet-American relations. The Russians know have now virtually no he favourable trade prospect the Americans, and have fore reacted in a way that lieve will influence Cor by curbing Jewish emigr.

The Russians are also refuse to stay in Israel. A ing to statistics from over the past 10 years 2 Soviet Jews have arrived but about 52,000 have sin again.

Last year, of the Jews ing the Soviet Union abo per cent went straight to countries—mainly to the States.

The Russians, who tenance emigration only reluctance, are not in a allow Jews to go stral America during the p tense international situat

US appeals to Cuba over refugee boats

Miami, May 18—The United States Coastguard has appealed to Cuba to stop overloading small boats with refugees after a vessel capsized in the Florida Strait yesterday, drowning 10 people.

Admiral John Hayes, the Coastguard Commandant, said Cuba had shown a "continued lack of regard for human life".

Re-ar Admiral Benedict Stabile, chief of the Miami zone, sent an appeal to the Cuban border guard not to overload boats leaving Mariel Harbour to join the refugee exodus to Florida.

The number of United States patrol boats monitoring a 200-mile zone from Key West, Florida, to Cuba had been increased to 43 to carry out safety checks and search and rescue operations.

The 40-foot Yumi, a Florida-registered pleasure boat carrying 52 people, capsized yesterday 28 miles north of Mariel.

The Coastguard said 10 passengers died, four were missing and 13 seriously injured. This brought to 20 the number of deaths confirmed since the refugee flow began. More than 50,000 Cuban refugees have landed in Florida since April 23. Big Protest: More than five million Cubans, half the island's population, took part in government-organized, stridently anti-American demonstrations yesterday, according to official figures.

In Havana, more than a million people were officially estimated to have joined in a "March of the fighting people" past the United States diplomatic mission, where 383 refugees, mostly political prisoners, have been sheltering for the past 15 days.

The simultaneous nation-wide rallies were the biggest popular mobilizations held in Cuba, the government-controlled news agency Prensa Latina said.

The aim of the demonstrations was to denounce what the Cuban Government sees as the threat of a United States invasion, and to demand the lifting of the trade embargo maintained against Cuba by Washington since 1961, closure of the United States naval base at Guantanamo in eastern Cuba, and the end of overflights by American SR-71 reconnaissance aircraft.

Washington has said there is no question of lifting the trade embargo unless Cuba withdraws its troops from Africa, who were said by President Fidel Castro last December to have numbered up to 36,000.

Warning b Athens on Aegean

From Mario Modiano Athens, May 18

Greece today reaffirmed determination to intercept any foreign aircraft entering without warning, flight information region its control, which include Aegean air space.

The Greek move followed exchange of protests between Ankara and Athens, after which aircraft taking part in Nato exercise "Dawn Pa" which ended yesterday, intercepted in the Aegean.

An official spokesman Athens said the Turkish aircraft had violated Greek air repeatedly this week.

A Turkish Foreign Ministry spokesman said the Turkish aircraft had been buzzed by the Greek fighters during a Nato exercise, had been informed. A T diplomatic note on the gave a warning that there be retaliation in case of rene.

Turkey has been trying the past six years to re claims in the Aegean air; although since 1952 the national Civil Aviation O zation has assigned to C the responsibility for air control over the Aegean.

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Special provision has been made for disabled men (you've probably seen these advertisements too) and with your agreement to take on someone from the unemployed register (a disabled person, wherever possible), they would be able to stop work up to five years before they would normally retire.

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Make sure you have all the facts about Job Release: ring Eileen Tingey on 01-213 5538, 01-213 6857, or write to her at PO Box 702, London SW20 8SZ.

Job Release Scheme

Department of Employment DE

New Bishop of Berlin goes East and West

From Gretel Spitzer Berlin, May 18

The unity of the Roman Catholic diocese of Berlin was emphasized when its new bishop, Mr Joachim Meisner, was installed in St Hedwig's Cathedral in East Berlin yesterday and preached today in St Matthew's Church in West Berlin.

St Hedwig's Cathedral offered the unusual spectacle of an applauding congregation. It greeted the three Western commanders, who for the first time appeared jointly in East Berlin. Herr Dietrich Stobbe, the West Berlin Burgomaster, and Herr Peter Lorenz, the president of the West Berlin House of Representatives, who were accompanied by Herr Günter Gaus, the West German Envoy to East Germany.

The East German Government was represented by Herr Klaus Gysi, the Under-Secretary of State for Church Affairs.

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OVERSEAS

New regime in Uganda excludes Binaisa ministers in favour of the supporters of Dr Obote

From Charles Harrison
Nairobi, May 18

The Cabinet named at the weekend by the new regime in Uganda excludes several ministers who supported the deposed president, Mr Godfrey Binaisa, and brings in some strong supporters of Dr Milton Obote, leader of the Uganda People's Congress who was President until he was overthrown in a military coup in 1979.

Although the Military Commission of the ruling Uganda National Front, headed by Mr Paulo Muwanga, Mr Binaisa's former Labour Minister, says that what has taken place is not a military coup, the four army officers on the commission have all been appointed ministers without portfolio. They include the chief of staff, Brigadier Oyet-Ojok, whose dismissal by President Binaisa started the crisis last weekend.

Mr Binaisa, who has been guarded by Tanzanian troops in Uganda since the crisis developed, has appealed to Mrs Margaret Thatcher and President Carter to help to restore him to power. His present whereabouts are not known.

Mr Yusufu Lule, who was president of Uganda for 68 days last year before being removed and replaced by Mr Binaisa, said in Nairobi today that Tanzania must accept responsibility for the coup, because its

military forces in Uganda could easily have prevented it.

The announcement of the new Cabinet came a few hours after members of the Military Commission, headed by Mr Muwanga, had returned from a visit to Ausha, in northern Tanzania where they met President Nyerere. President Nyerere is known to have expressed dismay at the events in Uganda, because they were unconstitutional.

President Nyerere urged that elections be held as quickly as possible, and suggested that they could take place in September, with a Commonwealth observer force present.

President Nyerere's reported pressure for a civilian presidential commission with effective power appears to have been largely ignored by Mr Muwanga and his colleagues. Constitutional instruments announced in Kampala this weekend make it clear that the military commission will hold the deciding power.

Not only will Mr Muwanga preside at Cabinet meetings, but the Military Commission has power to decide any constitutional issue, and also resolve any dispute between the National Constituent Council (the interim parliament) and the Presidential Commission (which has not yet been named).

Seven former ministers have been dropped from the Cabinet, including Mr Jack Sentoogo,

the Finance Minister, and Dr Barabas Kumukula, the Interior Minister, who were both close to President Binaisa.

The new Interior Minister is Mr Sam Teuwungwa who was previously deputy Minister of Education. The leader of the pro-Obote group in the National Constituent Council, Mr Kirunda, becomes Labour Minister, and A. Theodorovsk, Dr Obote's personal assistant in Dar es Salaam for the past two years, is made Minister of Culture.

Appeal considered: The appeal for help from the President will be considered by Lord Gorington, the Foreign Secretary (our Diplomatic Correspondent writes).

A letter explaining his predicament and asking Britain to intervene with the President Nyerere of Tanzania, whose troops control Kampala, has been received by the Foreign Office. It was smuggled out by a Sunday Times reporter in a tape recorded interview last week.

The message asks for urgent British help. It states: "Please make my brother Nyerere to see reason by withdrawing recognition from the rebel government. His attitude is causing all democrats in Uganda and Africa great concern. Usually he heads the list in condemning military coups elsewhere, but this time he has for no reason transferred his affection to a military takeover."

Gains for Russians in Franco-Soviet summit

From Michael Binyon
Moscow, May 18

The summit meeting between President Brezhnev and President Giscard d'Estaing in Warsaw tomorrow, briefly announced here by Tass, will enable the Soviet Union to achieve a number of diplomatic objectives even if it does not yield any immediate concrete results on a Russian withdrawal from Afghanistan.

First, it adds credibility to the Russians' proclaimed intention to preserve détente in Europe in spite of the Afghanistan crisis and the consequent worsening of relations with the West.

Second, it is a signal to those countries such as France which have refused to go along with Washington's tough policy to ward off the Soviet Union that they have a role to play in keeping alive an East-West dialogue and will be rewarded with a more serious consideration by the Russians of western worries over Soviet actions.

The signal is the more effective coming immediately after the meeting between Mr Andrei Gromyko, the Soviet Foreign Minister, and Mr Edmund Muskie, the new American Secretary of State, in Vienna which produced little of substance and no indication that the Russians are in any mood to make any concessions over Afghanistan to the Americans.

It shows the Russians are anxious to preserve good relations with France, especially as the French attitude towards the Soviet intervention in Afghanistan has hardened somewhat since the fruitless visit by Mr Gromyko to Paris earlier this year.

The fact that Mr Brezhnev himself will be meeting the French President is a pointed reminder to Herr Helmut Schmidt, the West German Chancellor, who is due to visit Moscow sometime this summer,

that Moscow is happier with the policies of Paris than those of Bonn. But it is also an indication that as part of their "peace offensive" the Russians are prepared to talk to any Western leader who will talk to them.

Third, the visit fits in with the consistent Soviet policy of trying to divide Western Europe from America and may increase debate in an already uncertain Western alliance on the best way of dealing with Moscow.

Finally, the visit demonstrates that Mr Brezhnev, whose uncertain health has long been a topic for speculation both unofficially at home and in the West, is still fully capable of conducting top level negotiations. The Soviet leader, who is known to dislike flying, will have made three flights outside his country in the past two weeks and has had an unusually full diplomatic schedule since the beginning of the month.

It will be hard for the Russians to come away from the Warsaw meeting empty-handed. But they know it will be equally difficult for the French President not to show some result for his determined refusal to join in western measures against the Soviet Union. Any concessions Moscow may make can be used to show that Mr Muskie was overcautious in dismissing the recent Afghan proposals for a settlement there as cosmetic.

If anything comes of the meeting, Poland, which has increasingly played a role in trying to bring East and West together to discuss security in Europe, will take much of the credit. This will please Eastern Europe, which has been noticeably reluctant to adopt the tough Soviet line over Afghanistan. It will also enable the Russians to maintain the policies of their East European allies genuinely seek peace and détente.

Prisoners of conscience



Swaziland

Musa Shongwe

By Caroline Moorehead

Mr Musa Shongwe is a prominent Swazi lawyer, renowned for his defence of persons at odds with the Government, who has been held without charge at Matsapha Central Prison in Swaziland since July 1978. He is detained under a 60-day detention order, imposed by the Prime Minister or Deputy Prime Minister, which can be renewed on the same terms and on an unlimited number of occasions.

Mr Shongwe's lack of favour with the Government dates from 1972, when he was involved in the successful defence of Mr Thomas Ngwenya, an opposition party MP, whose anti-apartheid citizenship was challenged by the Government. Due in some measure to Mr Shongwe's legal work, the Government failed to have Mr Ngwenya deported to South Africa.

In 1978 Mr Shongwe represented members of the military arm of the Pan-African Congress when they were charged with possessing guns, ammunition and explosives. On this occasion he challenged the impartiality of the judge, on the grounds that he was a white South African. Since the entire judiciary of Swaziland is South African and white, this objection was taken as further evidence of Mr Shongwe's personal involvement with the clients he was defending.

Saudis feel there is a dangerous vacuum at the centre of the power structure

Continued from page 1

the entrepreneurial activities of his relatives would be curbed and that by the end of February a Majlis, or Shura, or appointed consultative council, would be established.

It was not. To the disappointment of many who had expected more from that dawn, the only action taken so far has been the appointment of a committee to draw up a statute of the Majlis. It is chaired by the Minister of the Interior, the carefully conservative Prince Naif ibn Abdul Aziz, and made up of the religious and the reactionary.

If the Majlis does come off, and it seems that there is sincerity about its eventual establishment in some form, it will be a formal expression of that tension between the ruler and his people that Islamic, Saudi commands and the House of Saud practices. It will also serve to take the heat off unpopular measures of the Royal family. Who better to deliver the prescription than to Prince Sultan ibn Abdul Aziz, the Minister of Defence and Aviation?

It is not likely to have any power to balance its responsibility. Token assemblies in the Gulf have had a sorry history, and the lack of financial control it will undoubtedly suffer will emasculate the Majlis from the beginning. The Saudi newspapers that joyfully saw its announcement as part of a codification of practice under the present unwritten constitution as the first step towards elections will probably be let down.

Neither the Majlis nor the tradition from which it comes is new. It was first established 50 years ago by King Abdul Aziz to incorporate the decision-

making bodies of the recently-conquered Hejaz. Since his time, it has been allowed to fall into disuse, with places left vacant by deaths unfilled. At the same time, much of the strength of the Royal family derives from its senior members holding, in tribal style, open audiences where Saudis of either sex petition for redress of grievances.

The growth during the last 20 years of Western-style towns and local administration has diffused the system, but tradition persists. Late last year public complaints about the delay of payment for compensation for expropriated property by municipalities provoked King Khalid to order immediate action.

The compensation order could be seen as an illustration of the position of the King. Almost a monarch in English mould, a man who for his piety and known integrity is the focus of loyalty, Saudi still feel to a ruler rather than to a constitution, he presides over the administration, only occasionally intervening when it is clear his authority is needed.

In theory Prince Fahd, his brother and assumed heir, runs the day-to-day government of the country. He does not often, however, choose to exercise his undoubted power and drive. He is a man of few words, clear and there are still memories of an attempt in King Faisal's time to allege he had too much ambition. As a consequence Saudis feel a dangerous vacuum at the centre.

Other groups have in the past six months been pushing successfully for their interests. Prince Naif and his deputy minister, Ibrahim al-Awaj, have whittled away at the power of foreigners, in particular Westerners; the religious have se-

cured the prohibition of pictures of women, the ban on the wearing of dolls and teddy bears as un-Islamic representations of God's creatures; young princes threaten parental displeasure in business; and commoner ministers extend the scope of their power simply through outwitting their betters.

Those who had hoped the Crown Prince's determination would last were again let down by the appointment two months ago of four new provincial governors. Their posts are the principal channels to the Government to the people.

Several capable grandsons of King Abdul Aziz were tipped, but in an apparent consolidation of the position of the first grandson, younger sons of Abdul Aziz were brought forward. In the Eastern Province, Shila expectations were aroused by promises of amelioration of their state. But hopes of the removal of the Ibn Jilawi family as hereditary governors were disappointed.

Such immobility is increasingly frustrating. With the succession limited first to sons of King Abdul Aziz, there are at least 23 princes to work through before the kingship can pass to his grandsons. Confusion over who was born when accounts for the inactivity.

Confidence in the remaining members of the first generation, although some accept Prince Abdullah, the commander of the National Guard, and the second in line, and Prince Salman, the governor of Riyadh and perhaps 15 brothers away. Below them is a long way to go to younger princes and acknowledge ability to Prince Turki al-Faisal, for example, the head of the Directorate-General of Intelligence.

Next: Foreign relations

Public and Educational Appointments

also on page 27

THE SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

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(2) Radio Astronomy
(3) General astronomy.MATHEMATICS AND STATISTICS DEPARTMENT
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(1) Microbiology
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In addition a baggage ticket of up to 25 per cent of the price of air ticket. Leave travel tickets to the place of recruitment for the staff members and his family are given every year.

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OPERA AND BALLET

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THE ROYAL OPERA

Tomor. 8.00 & 1.00 & 7.00... Tues. 8.00 & 1.00 & 7.00... Wed. 8.00 & 1.00 & 7.00... Thurs. 8.00 & 1.00 & 7.00... Fri. 8.00 & 1.00 & 7.00... Sat. 8.00 & 1.00 & 7.00... Sun. 8.00 & 1.00 & 7.00...

ENGLISH NATIONAL

Tomor. 8.00 & 1.00 & 7.00... Tues. 8.00 & 1.00 & 7.00... Wed. 8.00 & 1.00 & 7.00... Thurs. 8.00 & 1.00 & 7.00... Fri. 8.00 & 1.00 & 7.00... Sat. 8.00 & 1.00 & 7.00... Sun. 8.00 & 1.00 & 7.00...

SADLER'S WELLS THEATRE

Tomor. 8.00 & 1.00 & 7.00... Tues. 8.00 & 1.00 & 7.00... Wed. 8.00 & 1.00 & 7.00... Thurs. 8.00 & 1.00 & 7.00... Fri. 8.00 & 1.00 & 7.00... Sat. 8.00 & 1.00 & 7.00... Sun. 8.00 & 1.00 & 7.00...

THE ROYAL BALLET

Tomor. 8.00 & 1.00 & 7

the opera's world, essentially a jagged, luxuriant, balmy one; it is a smaller one than Wagner's, lacking in depth and in harshness. He is excessively occupied with sonority and movement, the expression of inner detail or emotional suggestiveness; in the end it is cramping, and reduces the work.

But Jon Vickers is there, to ensure that Tristan is nothing less than life-size. In the first two acts he commands his resources, without giving less than double what anyone else can. Act III was overwhelming, grand, crazy and noble, moving from the dark, thick voice of the afflicted Tristan to rich outpourings of sound and feeling. The extended stretches were moulded equally with intelligence and passion; there was a marvellous visionary serenity, for example at "Wie sie selig," and Mr Mehta allowed him the space he needed. Berit Lindholm, back after seven years to sing Isolde, is creditable, but not on this scale: a clear, clear, Nordic voice, hard in focus, splendid in Act I pages but wanting the warmth for the passions of Act II, and not quite able to ride the orchestra in the *Liebestod*.

A word of praise for Donald McIntyre's Kurwenal and Philip Gelling's Melor, and more than that for the strong, warm, in its way passionate Marke of Gwynne Howell, a telling, economical characterisation, and for Yvonne Minton's Brangäne, familiar at Bayreuth, but not seen here before—beautifully poised and enriched by many subtleties of phrasing. The original production, if away in several particulars, had a deeper, more consistent visual and spiritual poetry than this version does, but with John Bury's designs and still some imaginative lighting in the UK side, it was fairly faithfully to Wagner's instructions, produces a workable compromise.

must propel the cycle along and unify it.

The opening call to adventure, for instance, should surge on to the triumphant "Traum! Bogen und Pfeil!"; but despite being in full-blooded voice, Mr Hammond-Stroud was more ponderous, less energetic here than he should have been. Geoffrey Parson's accompaniment, too, merely pounded where it should have resounded. In the quieter, more reflective songs, Mr Hammond-Stroud's expressive intentions were often disabled by a lack of support through each note, making what should have been a quiet mezzo-voice intensity often only a weak shadow of a sound.

In short, neither performer seemed thoroughly absorbed in the music. This showed itself sometimes in a slack attention to detail that bordered on carelessness, but, more important, in a failure fully to come to grips with either the musical shape of each song or the emotional journey behind the physical narrative. It was good to be given the opportunity to hear this work, but sad that a chance to prove its worth was missed.

Council support

tioning. And there is always room for improvement.

What must be said, however, is that the voluntary work of those on the panel is of a high order. The panel is always attracted by distinguished members. Both knowledge and a sense of fairness are brought to bear. No one has yet devised or even suggested an alternative system which would be anything less as effective, scrupulous and inexpensive.

Now to George Wightman's arguments. Writing of the Arts Council's forum on its work in the field of literature (held two months ago) Mr Wightman says that only a few selected questions were put to Sir Roy Shaw, Charles Osborne and himself. In fact the questions which were received were asked and several supplementaries were welcomed.

Arthur Crook, former Editor of the *TLS*, did indeed complain that "people who administer the funds of a charitable corporation in this act as trustees and not benefactors of the money they distribute". He referred in particular to Anthony Thwaite's connexion with *Encounter* (in receipt of subsidy for its literary pages) and his position as a member of the finance committee. It was pointed out that the subsidy had begun before Mr Thwaite's recruitment to the committee; that he had no say or vote in that specific decision; and that such overlaps—like that of writers and their publishing houses—might be applying for grants—were inevitable. The very fact of bringing together an expert panel made it so. Everyone on it has wide-ranging literary connexions. The alternative—to have people without literary interests—is surely not desirable.

The National Books Awards Scheme (hatched before the clamp-down following the last election) is criticized because it "conflicts with similar prizes sponsored by industry". Does it? The last few years have seen the growth of prize money overall—much encouraged and supported by the Arts Council. It is at least possible that the NBA will stimulate more public interest in literature and thereby bring in more sponsors.

There is also the comment that this was a further example of the "increasing tendency on the part of the literature department to fund its own activities". It is accused of setting up a state publishing house: this is not true. It is asserted that it wishes to set up a publishing imprint to reissue classics: this is not true. Bill McAlister of the

Melvyn Bragg

Ballesteros finishes in the grand manner to deny brave Barnes

297: M. Rallewewa (Spain), 77, 71,
75, 74; T. Holmboe, 77, 74, 73;
S. Jeday (Zimbabwe), 73, 73.
298: S. Torrance, 76, 76, 70, 70;
Raleceni (Spain), 75, 76, 70, 73;
L. B. Brown, 76, 74, 73; S. Lyle,
75, 74, 74, 73; P. Townsend, 76,
73, 74, 70.
299: S. Owen (NZ), 82, 77, 75, 69;
R. G. Gacher, 77, 74, 74; C.
C. G. G. G., 77, 74, 74, 74;
77, 70, 73, 78; M. Calero (Spain),
73, 73, 77, 86;
300: G. Ralph, 81, 71, 73, 75; D.
Ingram, 76, 73, 74, 78;
J. A. A. (Australia), 74,
77, 77, 73;
A. Weger, 82, 70, 76, 74;
M. Freese, 76, 75, 74, 74;
Smith, 80, 74, 73, 70; D. Durkin,
77, 74, 70, 78.
303: A. Gallardo, 77, 77, 79, 73;
R. Brand, 75, 77, 74, 74;
C. G. G. G., 77, 74, 75, 77;
G. Will, 73, 74, 81, 75.

ensures victory at 19th

The young Irish boy from Warrenpoint to maintain competitive interest. He, too, began with a live score which was 13 holes later before he yielded another stroke.

He reached the turn in 36, one under par, and though he lost his lead after the 10th hole, he made amends with a deft chip into the hole for an eagle three in between at the 476-yard 15th. He finished with a birdie on the nine-foot putt for a birdie and as it would have turned out, glory. But it slipped past, much to the disappointment of the boys. For Rafferty, he was dumbstruck with delight at the end, and so he should be.

LEADING SCORES: 2-5, R. Rafferty (Warrenpoint), 75; 76, J. McCovey (Cort Heath), 75, 76, 75, 75; 2-4, S. Brand (Kilnashbeg), 75, 75, 73, 75; 2-5, D. Lee (Lahinch), 75, 75, 75, 75; 72-3, P. Deane (Aldamouth), 75, 73, 75; 73-2, C. O'Connell (Droghda), 75, 75, 75; 74-1, C. Loughlin (Ballyvaughan), 75, 75, 75, 75; 75-0, A. Gorman (Ceeveevagh), 75, 75, 75, 75; 75-1, T. B. Foxall (Cambridge), 75, 75, 75, 75; 75-2, M. Mackenzie (Hillborough), 75, 75, 77, 77; 76-0, J. Macdonald (Thorp Hall), 76, 76, 68, 77.

[illegible]

Shooting

Marksmen boycott Games

By Our Rifle Shooting Correspondent

affirmed their support for the Government and made it clear that the BOC vote did not commit them

The National Smallbore Rifle Association decided at their council meeting on Saturday to boycott the Olympic Games. This means there will be no British competitors in the five rifle and pistol events, although there would have been a good chance of some British marksmen winning medals.

The situation has been uncertain since earlier this year, when the British Olympic Committee, which represents all the shooting organizations, decided in February to abide by any Government decision, although there would have been a good chance of some British marksmen winning medals.

Later, when the British Olympic Committee decided to accept the Russian invitation, there was considerable opposition, but the Government eventually voted in favour. The joint committee eventually re-

to going to Moscow.

Organizations of the constituent shooting organizations have the power under the rule to make their own final decision. There is still a question mark over clay pigeon shooting and the Clay Pigeon Shooting Association are expected to make their final decision at meeting on May 28.

Mr. C. G. Taylor, of Hayling Island, who is generally regarded as Britain's top marksman in Olympic-style shooting, said yesterday that all the Clay Pigeon shooters are "disgusted" with the decision to boycott the Games. He is collecting signatures to a petition to the members of the Olympic emergency general meeting to overturn the council decision.

113: "Clifton 192 and 195-8; Shebbear 135-8; 136-8; 137-8; 138-8; 139-8; 140-8; 141-8; 142-8; 143-8; 144-8; 145-8; 146-8; 147-8; 148-8; 149-8; 150-8; 151-8; 152-8; 153-8; 154-8; 155-8; 156-8; 157-8; 158-8; 159-8; 160-8; 161-8; 162-8; 163-8; 164-8; 165-8; 166-8; 167-8; 168-8; 169-8; 170-8; 171-8; 172-8; 173-8; 174-8; 175-8; 176-8; 177-8; 178-8; 179-8; 180-8; 181-8; 182-8; 183-8; 184-8; 185-8; 186-8; 187-8; 188-8; 189-8; 190-8; 191-8; 192-8; 193-8; 194-8; 195-8; 196-8; 197-8; 198-8; 199-8; 200-8; 201-8; 202-8; 203-8; 204-8; 205-8; 206-8; 207-8; 208-8; 209-8; 210-8; 211-8; 212-8; 213-8; 214-8; 215-8; 216-8; 217-8; 218-8; 219-8; 220-8; 221-8; 222-8; 223-8; 224-8; 225-8; 226-8; 227-8; 228-8; 229-8; 230-8; 231-8; 232-8; 233-8; 234-8; 235-8; 236-8; 237-8; 238-8; 239-8; 240-8; 241-8; 242-8; 243-8; 244-8; 245-8; 246-8; 247-8; 248-8; 249-8; 250-8; 251-8; 252-8; 253-8; 254-8; 255-8; 256-8; 257-8; 258-8; 259-8; 260-8; 261-8; 262-8; 263-8; 264-8; 265-8; 266-8; 267-8; 268-8; 269-8; 270-8; 271-8; 272-8; 273-8; 274-8; 275-8; 276-8; 277-8; 278-8; 279-8; 280-8; 281-8; 282-8; 283-8; 284-8; 285-8; 286-8; 287-8; 288-8; 289-8; 290-8; 291-8; 292-8; 293-8; 294-8; 295-8; 296-8; 297-8; 298-8; 299-8; 300-8; 301-8; 302-8; 303-8; 304-8; 305-8; 306-8; 307-8; 308-8; 309-8; 310-8; 311-8; 312-8; 313-8; 314-8; 315-8; 316-8; 317-8; 318-8; 319-8; 320-8; 321-8; 322-8; 323-8; 324-8; 325-8; 326-8; 327-8; 328-8; 329-8; 330-8; 331-8; 332-8; 333-8; 334-8; 335-8; 336-8; 337-8; 338-8; 339-8; 340-8; 341-8; 342-8; 343-8; 344-8; 345-8; 346-8; 347-8; 348-8; 349-8; 350-8; 351-8; 352-8; 353-8; 354-8; 355-8; 356-8; 357-8; 358-8; 359-8; 360-8; 361-8; 362-8; 363-8; 364-8; 365-8; 366-8; 367-8; 368-8; 369-8; 370-8; 371-8; 372-8; 373-8; 374-8; 375-8; 376-8; 377-8; 378-8; 379-8; 380-8; 381-8; 382-8; 383-8; 384-8; 385-8; 386-8; 387-8; 388-8; 389-8; 390-8; 391-8; 392-8; 393-8; 394-8; 395-8; 396-8; 397-8; 398-8; 399-8; 400-8; 401-8; 402-8; 403-8; 404-8; 405-8; 406-8; 407-8; 408-8; 409-8; 410-8; 411-8; 412-8; 413-8; 414-8; 415-8; 416-8; 417-8; 418-8; 419-8; 420-8; 421-8; 422-8; 423-8; 424-8; 425-8; 426-8; 427-8; 428-8; 429-8; 430-8; 431-8; 432-8; 433-8; 434-8; 435-8; 436-8; 437-8; 438-8; 439-8; 440-8; 441-8; 442-8; 443-8; 444-8; 445-8; 446-8; 447-8; 448-8; 449-8; 450-8; 451-8; 452-8; 453-8; 454-8; 455-8; 456-8; 457-8; 458-8; 459-8; 460-8; 461-8; 462-8; 463-8; 464-8; 465-8; 466-8; 467-8; 468-8; 469-8; 470-8; 471-8; 472-8; 473-8; 474-8; 475-8; 476-8; 477-8; 478-8; 479-8; 480-8; 481-8; 482-8; 483-8; 484-8; 485-8; 486-8; 487-8; 488-8; 489-8; 490-8; 491-8; 492-8; 493-8; 494-8; 495-8; 496-8; 497-8; 498-8; 499-8; 500-8; 501-8; 502-8; 503-8; 504-8; 505-8; 506-8; 507-8; 508-8; 509-8; 510-8; 511-8; 512-8; 513-8; 514-8; 515-8; 516-8; 517-8; 518-8; 519-8; 520-8; 521-8; 522-8; 523-8; 524-8; 525-8; 526-8; 527-8; 528-8; 529-8; 530-8; 531-8; 532-8; 533-8; 534-8; 535-8; 536-8; 537-8; 538-8; 539-8; 540-8; 541-8; 542-8; 543-8; 544-8; 545-8; 546-8; 547-8; 548-8; 549-8; 550-8; 551-8; 552-8; 553-8; 554-8; 555-8; 556-8; 557-8; 558-8; 559-8; 560-8; 561-8; 562-8; 563-8; 564-8; 565-8; 566-8; 567-8; 568-8; 569-8; 570-8; 571-8; 572-8; 573-8; 574-8; 575-8; 576-8; 577-8; 578-8; 579-8; 580-8; 581-8; 582-8; 583-8; 584-8; 585-8; 586-8; 587-8; 588-8; 589-8; 590-8; 591-8; 592-8; 593-8; 594-8; 595-8; 596-8; 597-8; 598-8; 599-8; 600-8; 601-8; 602-8; 603-8; 604-8; 605-8; 606-8; 607-8; 608-8; 609-8; 610-8; 611-8; 612-8; 613-8; 614-8; 615-8; 616-8; 617-8; 618-8; 619-8; 620-8; 621-8; 622-8; 623-8; 624-8; 625-8; 626-8; 627-8; 628-8; 629-8; 630-8; 631-8; 632-8; 633-8; 634-8; 635-8; 636-8; 637-8; 638-8; 639-8; 640-8; 641-8; 642-8; 643-8; 644-8; 645-8; 646-8; 647-8; 648-8; 649-8; 650-8; 651-8; 652-8; 653-8; 654-8; 655-8; 656-8; 657-8; 658-8; 659-8; 660-8; 661-8; 662-8; 663-8; 664-8; 665-8; 666-8; 667-8; 668-8; 669-8; 670-8; 671-8; 672-8; 673-8; 674-8; 6

Ovett must wait to match strides with Coe

Overwhelming victory for Reutemann

From John Blunsden
Monaco, May 18

Carlos Reutemann feather-flew from the Leyland team's Williams-Ford to an overwhelming victory in the Monaco Grand Prix which was the only race where the Williams-Ford was converted into a skating rink by a rain shower. His winning margin was almost one and a quarter minutes over the runner-up, and despite a final lap which took over two minutes, or more than 30 seconds longer than the average four minutes of the race.

Four of the other cars, the Brabham-Ford of Nelson Piquet, was on the same lap at the finish and only one of the starters survived to make the chequered flag. Four of the remainder were eliminated in yet another first-corner accident, which cost our injury to any of the drivers.

It was an immaculate performance from Reutemann, but it was not until the fifty-third of the 76 laps that he really showed his class. For the first 24 laps he had been running third, behind his team mate, the Alfa Romeo of Didier Pironi, who had started from pole position, led the field in his Ligier-Ford. Jones was in second place, and Reutemann, the leader, the gaps varying from a few feet to rather more than a car length. Piquet came in and drove slowly back to his pit, leaving Reutemann a safe up the chase.

Then the leaders began to stretch, then contracted, as first one then the other gained the advantage. Piquet was out on lap 55 Pironi had pulled out almost seven seconds over Reutemann as he sped uphill towards the top of the hill, and the slightest of errors to bring his fine race to an end. Turning left, he was off the road and into the inside, which was sufficient to put his car off line, and he cannoned into the barrier on the opposite side of the road, and was forced to a halt. After that Reutemann's job was an easy one.

The accident at the first corner

was one more example of driver's trying to do too much too quickly, and this despite the fact that the approach to the corner had been widened and flattened in the hope that the cars could be kept on the line. The four cars eliminated on the spot were the two Tyrrells of James Hunt and John Watson, the Ferrari and Daly (Daly's belt was snapped off by the impact of spinning previously to a halt in a sorry mess), the McLaren of Prost, and the Alfa Romeo of Giacomini.

Two other cars were involved and a long pit stop was necessary before he could rejoin the race some 10 laps in arrears.

At the start this was a six-car race between the two Ligier-Fords, the two Williams, Depailler's Alfa Romeo and Piquet's Brabham-Ford, with Depailler spinning later, which ended with engine problems after 51 laps. De Angelis' Lotus-Ford, leading the Italian field, was many laps in the lead, at one point threatening to lose it to his team colleague, Andrea Badoer, who was running in second, until a spin forced him to the pits for a replacement wheel. He retired a few laps from the end after spinning in the pits.

With the championship season now six races old, Piquet has gone to the top of the table with 26 points, followed by Reutemann, Pironi and Reutemann all with 11 points, striking distance. Any one of the three could become the championship leader after the next round, in Spain, in two weeks' time.

WORLD CHAMPIONSHIP Drivers:
Piquet 26 pts. 2. Reutemann 11
Pironi 11 3. Depailler 10 4. Badoer 10
Fittipaldi 9 5. Watson 8
Jones 8 6. Lafitte 8 7. Pironi 8
8. Rosberg and Magni 4 9. Daly 4
10. Giacomini 3 11. Schuster 3 12. Prost 3
13. Ligier 2 14. Brabham-Ford 2
15. Depailler 1 16. Piquet 1
17. Fittipaldi-Ford 0 18. Lotus-Ford 0
19. Williams-Ford 0 20. Williams-Ford
Ferrari 5 21. Alfa Romeo 2.

Motor cycling

Roberts increases lead in 500 cc world standings

500 cc world title, took
in the ninth lap on his
constantly widening the
Marco Luchinelli, of
Randy Mamola, of the

States. There was a keen battle for fourth place, won by Takazumi Karayama, of Japan, ahead of Barry Sheene, of Britain, and Johnny Cecotto, of Venezuela. Roberts, who won the first

50 cc: E. Lazzarini (Ital)

35. min 44 sec: 2. S. Dorfinger
(Switzerland). Kriehler, 35.50.56; H.
H. van Kesteren (Netherlands); Pontus,
35.51.55; R. Rüttler (Switzerland).
Kriehler, 35.52.34; S. R. Tormo
Yamaha, 56.53.07. Tormo standings:
Roberts, 50 min; 2. Ucinai (Italy), 1
J. J. Coccol (Spain); Kaayama
13; 5. Luchinelli, 12; 6. Mamola,
Rosal (Italy), Sherne, 10.—Reuter.

Wilkie back in record time

From Athole Still *perhaps even more impressive*

David Wilkie celebrated his return to competitive swimming by winning three gold medals at the American Masters Championship which ended in Fort Lauderdale, Florida, yesterday. In spite of the fact that his preparation

for the event was both limited and perfunctory, his Olympic reputation was never threatened. He took the 100 yards breaststroke in 58.51 seconds and the 200 yards in 2:08.041 seconds.

both American Masters all-comers records, and both performances which many of the world's current crop of amateur swimmers would be hard pushed to better.

Wilkie's technique is quite unimpaired by four years of comparative inactivity and one was left with the distinct impression, that if he were properly fit, he

would still be the man most likely to improve his own four-year-old world record over 200 metres (2 minutes 15.11 seconds). He was ment, which aims to offer the entire community a competitive incentive to keep exercising at all ages.

Basketball
Spain and Italy | **Johnson's magic**
through to | he and Johnson

**through to
Moscow finals**
Geneva, May 17.—Spain tonight joined Czechoslovakia and Italy

as winners of a men's pre-Olympic basketball tournament after a thrilling final match in which Czechoslovakia beat France 114-112 after extra time.

gave France the same points as Spain, who then qualified among the top three for the basketball finals in Moscow because Spain had beaten France earlier in the week.

Italy beat Poland 96-82 on the final day to end the second stage of the two-week competition only one point short of maximum. The Poles went one point ahead shortly after halftime, thanks to stiff-

after non-time thanks to several combining between Mlynarski and Kijenski but then Italy's Maneghin came on to reinforce his reputation as Europe's number one pivot.

An Israeli stopper zone which stood so firmly during the victory over Italy two nights ago crumbled under Spanish counter-attack, often pioneered by Corbalan. Spain built up an early 10-point

advantage which they maintained despite hard pressure from Israeli.

RESULTS: Czechoslovakia beat France, 113-112; West Germany beat Sweden, 70-72; Spain beat Israel, 106-92; Italy beat Poland, 96-82; 100-80; and the U.S. beat the Soviet Union, 100-80.

Although they ended the quarter with a 32-29 lead, Los Angeles fell back as much as 5-44 in the second quarter and entered the half tied, 60-60.

The 76ers' offense fell and

Country	P	W	L	F	A	Pts
Finland	6	5	1	567	490	11
Czechoslovakia	6	3	2	470	345	10
France	6	4	2	574	531	10
Italy	6	5	1	567	490	11
Sweden	6	5	1	567	490	11
Poland	6	5	1	567	490	11

Saudi	6	3	3	528-100	4	Q	Jamaal Wilkes (37) and M
Israel	6	3	3	365-408	4	Q	
Sweden	6	3	3	352-190	4	R	Cooper (18). Erving scored
Poland	6	3	3	373-501	4	R	points for Philadelphia and Ste
West Germany	6	1	5	448-523	7		Mix 18.
Reuter,							

Commercial property

Schemes to keep the pot boiling

Development activity in the commercial and industrial fields remains fairly low key in general, but individual smaller schemes continue to keep the pot boiling adequately, if not particularly merrily. One such scheme is a new factory development due to begin in Plymouth as part of the growth of the city's Eastover industrial estate.

Pilkington Industrial Estates, the developers, have awarded the construction contract to Tilbury Construction and it is due to be completed in the autumn. Designed by the Alec French Partnership, the scheme provides for 25,550 sq ft of space including 2,550 sq ft of offices.

There will be parking space for 35 cars and the site will be landscaped. Letting agents for

the scheme are Ledon Bros and Parham, through their Exeter office, who are offering a 25-year lease at £55,000 a year, with five-yearly reviews. The site is within three miles of central Plymouth and within a mile of the airport. Existing tenants include Texas Instruments, the Wrigley Company and Arrow Hart (Europe).

Further east, the Ford Motor Company are to occupy 54,000 sq ft out of a total of 120,000 sq ft of advanced units now nearing completion on The Tower industrial estate, in Tower Lane, Eastleigh, Hampshire.

This new industrial and warehouse scheme on a site owned by British Rail and previously distinguished by a Victorian water tower, is being carried out by Phoenix Industrial Properties for retention by The Lazard Property Unit Trust.

Apart from a purpose-built 30,000 sq ft factory pre-let to William R. Selwood (part of the Thomas Tilling Group), other units have been let to such tenants as Anglian Windows and Stephen Wilson Services. Rents have been about £2.25 a sq ft. A unit of 12,584 sq ft remains available and ready for occupation and letting is through Conrad Phoenix and Sutton's Commercial.

Nearer London, a joint development by Builders Amalgamated Company and Royal Insurance Company is now well under way at Chapman's Park Industrial Estate, Willesden, NW10. The scheme, designed by Ronald Ward and

Partners, will comprise six terraced factory units varying in size from 6,127 sq ft up to 39,626 sq ft, two of which are already under offer. A rent in the region of £3.15 a sq ft is expected. Lettings are through Brian Cooper and Company, St. Quentin, and Mills and Wood. Completion is due by the end of September.

In west London, Cobden have acquired by tender the former premises of Telephone Remains on the Hamworth trading estate, in Hamworth Road West, Hamworth, Middlesex, and are to carry out a joint industrial development with Standard Life Pension Funds.

The site of one-acre has an existing planning consent and demolition of the former buildings has been completed. Cobden expect to start construction of 22,000 sq ft of new factory space during the summer with units ready for occupation early next year.

It has been financed by Standard Life, who will retain the freehold site and created investment. Frank Harris and Company introduced the site to Cobden and have been retained as letting agents jointly with Gordon Linch and Company.

An interesting sale is pending in Southport, Merseyside, where Mr. Michael Heseltine, the Secretary of State for the Environment, has ordered work to be stopped on the proposed new development for the

Office of Population Census and Statistics on a site on the Esplanade.

The foundations and ground floor slab for an office building of 140,000 sq ft have already been laid and the site of 5.4 acres is to be offered for sale through Ball and Percival of Southport, and Debenhams Tesson and Chinnocks of London.

The sale will be by tender for which it is likely that the closing date will be set for late September. Much of the surrounding area is developed with either hotel or leisure uses and it seems likely that a wide variety of alternative uses would be available.

In Cambridge, the Gredley Group is looking for an initial overall rent of £240,000 a year for its newly completed office development known as Mount Pleasant House. The building, which provides 42,793 sq ft on ground and three upper floors, is on the corner of Huntingdon Road and Mount Pleasant, to the north of the city centre.

Alternatively, the letting of individual floors at a rent of 56 a sq ft would be considered. It is the only building of its size available in Cambridge. There is also parking for 115 cars. Joint letting agents are Jones Lang Wootton and Douglas J. January.

The British Rail Property Board are to offer for lease by tender the site at Euston station which will complete their redevelopment scheme there. Outline planning permis-

sion has been obtained for a hotel with 395 bedrooms, three shops, seven craft workshops and flats above and under ground parking for two hundred cars. The scheme is designed by Richard Seifert and Partners and the lease would be for 99 years.

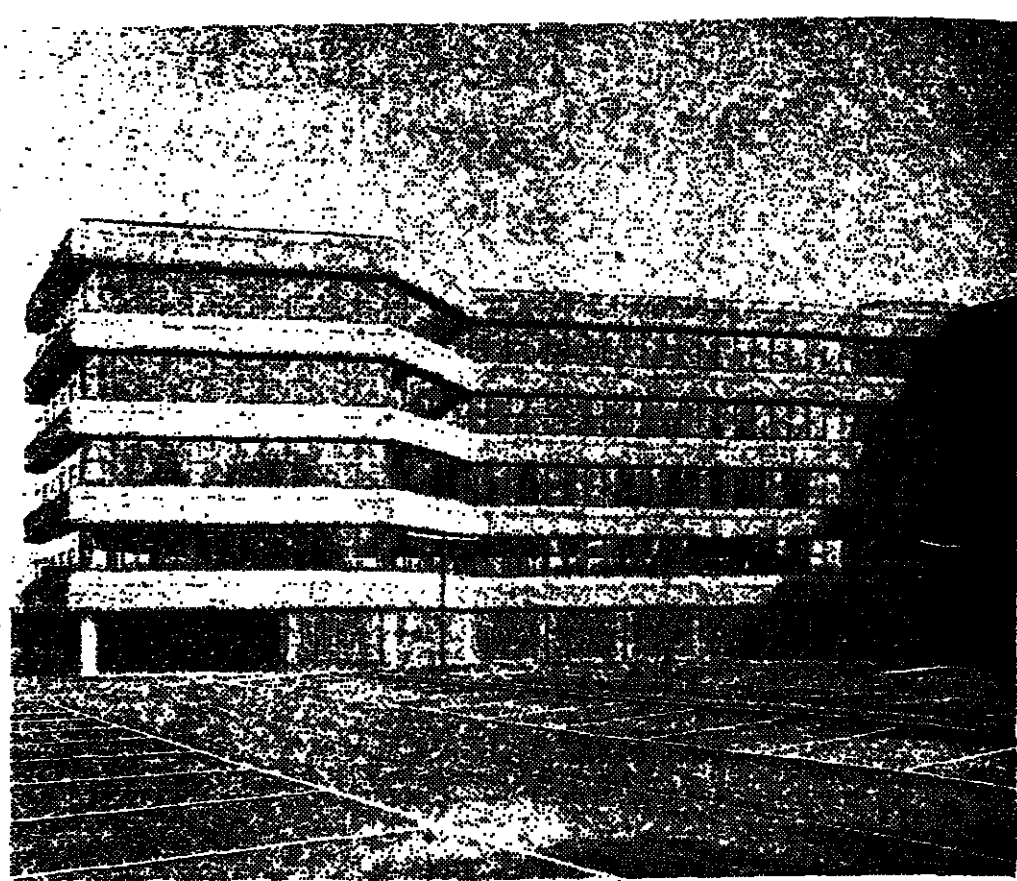
The main part of the hotel, 10 storeys high, would be built on a raft over the station loading area, and would be linked by a bridge over Cardington Street to a site on the corner of Cardington Street and Drummond Street, where the building would be six storeys high. Total space in the hotel would be about 400,000 sq ft. The lease is being offered through Knight Frank and Rutley.

International Stores are to lease a 6,000 sq ft supermarket development in the centre of the city, on a site of 1.5 acres, Norton from Bullock Developments of Aldridge, West Midlands. Including the supermarket, offices and car parking, it is due to be ready for occupation early next year.

International will be spending an estimated £250,000 on finishing, and Bullock will be selling the resultant investment to Gonville and Caius College, Cambridge, for a sum approaching £500,000.

In negotiations with both International and Caius College, Buckell and Ballard of Oxford, acted for Bullock Development, Bidwells of Cambridge acted for the college.

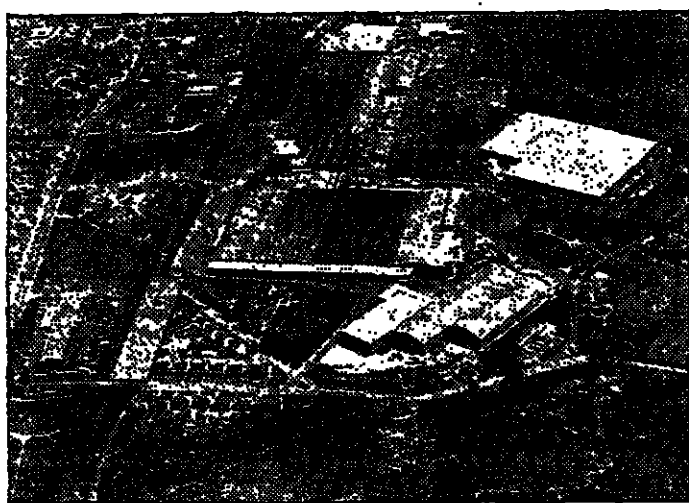
Gerald Ely



Mount Pleasant House, a new office development in Cambridge.

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Tim Congden on the effects of monetary policy on public and private industries

Eric Heffer

The sheer injustice at the heart of the battle to beat inflation

Opponents of the Government's monetary policy have recently been making fun of the "long and variable lags" which Professor Milton Friedman has said exist between changes in the rate of money supply growth and changes in inflation. They ask "how long?" and "how variable?"

There is a simple reply in the form of a counter-question: "Will inflation be higher or lower in 1982 than in 1980?" Every forecasting body in this country believes it will be lower and, since no incomes policy is in force, the only explanation must be monetary restraint. Control over the money supply will lead to lower inflation.

But the critics have a point. Inflation has risen to levels much higher than those indicated by previous money supply movements, while in the early stages of the policy it is output and employment, not prices, which are falling. The process of adjustment is turning out to be particularly troublesome.

Many of the problems arise because monetary policy has different effects on different parts of the economy. The containment of monetary growth in 1979 required high interest rates and these, in conjunction with the balance-of-payments benefits of North Sea oil, led to a large sterling appreciation. Since about half of manufacturing exports is exported, the impact on manufacturing industry has been unwelcome and profound.

Some evidence is given in the table. It shows that the price of manufactured exports rose by 9.6 per cent in the year to January, 1980, compared with a fall of 1.1 per cent in the year to January, 1979.

EXTERNAL INFLATION INDICATORS								
		Export unit value indices :						
		Total		Total— manufactures, including erratics		Total— finished manufactures		
Effective exchange rate		Index no.	% increase on year	Index no.	% increase on year	Index no.	% increase on year	
1978	1st	65.4	149.5	10.3	151	11.0	157	13.8
	2nd	61.5	153.6	8.9	155	9.9	160	11.1
	3rd	62.4	157.6	9.1	160	10.3	165	10.7
	4th	62.7	161.8	10.4	164	11.6	170	11.1
1979	1st	64.0	166.6	11.4	168	11.3	173	10.2
	2nd	67.4	169.7	10.5	169	9.0	173	8.1
	3rd	71.0	173.6	10.2	173	8.1	176	6.7
	4th	68.8	179.7	11.1	179	9.2	179	5.3
Average of								
Dec to Feb		71.3	185.0	12.3	183	10.0	182	6.3
Feb		72.8	188.0	12.3	185.3	9.6	183.3	5.4



CHINA'S NEW MISSILE

As the world's two principal alliances grope to define their relations in the shadow of the Afghan crisis, China has delivered a timely reminder that military power on a global scale has now technically ceased to be the prerogative of Nato and the Warsaw pact. Yesterday's news that the Chinese have successfully launched a rocket with a range of 7,000 miles has come as a great surprise. Peking announced two weeks ago that test would be made between May 12 and June 10, and there might even be another one before this self-imposed deadline expires.

Nor was the announcement itself entirely unexpected. Reports have been filtering through to the west since the early 1970s that China has been developing an intermediate range missile (ICBM) and during the last few years there have been persistent rumours that a long-range test was imminent. A missile with a range of up to 5,000 miles, capable of hitting large tracts of the Soviet Union and parts of Asia, was tested two years ago, and the International Institute for Strategic Studies last year credited the Chinese with having two of these ready in place.

However, awareness of Chinese intentions does not diminish the significance of their new capability. This latest two-stage liquid-fuelled rocket is ostensibly part of China's growing space programme. On the other hand

the announcement from Peking that the test had been completely successful acknowledged that there could be a military application. A rocket of that range could carry a nuclear warhead to most major targets in the United States and Western Europe, adding a new factor to a strategic equation which is already complicated enough.

Interest in China's military potential since the death of Chairman Mao has concentrated upon the weaknesses of her conventional forces and on the ambition of her military leaders to correct these. But the initial wave of enthusiasm which seemed to sweep through the People's Liberation Army (PLA) has since been moderated by a growing sense of realism. Shortage of equipment and the obsolescence of so much of it present the PLA with gigantic problems. It has been calculated that China would need to spend \$10,000m a year on equipment during the next few years to provide even a rudimentary military capability by modern standards.

The PLA requires not a "quick fix" but a series of injections which could be provided only by the regeneration of China's armaments industry. The Chinese need more resources than they can afford which means that they will have to do so slowly over a long period. While this process gets under way it follows that China might perceive a need to ensure its security by accelerating the growth of its nuclear striking force.

At present the Chinese still see the main threat to their security as coming from the Soviet Union. The suspicion is mutual. To some extent the Soviet Union has grown accustomed to living next door to a difficult neighbour who, while vastly inferior in terms of military power, has for a time had a certain limited capacity to inflict unacceptable damage upon Soviet urban areas and industrial complexes. To that extent the Chinese development of an ICBM, seems of more significance to Western powers which until now have been outside the limits of Chinese crackers. But the Soviet Union's chronic nervousness about China can scarcely be lessened by the new development, which may help to explain their concern about deteriorating relations with the West.

China remains outside the Strategic Arms Limitation Talks and the floundering negotiations over a Comprehensive Test Ban Treaty. It was not so long ago that the United States was concerned by the future threat from long-range Chinese missiles. Over the past few years Western observers have been comforted by the way in which China has served some of the military attention of the Soviet Union. In future, however, leaders in Washington and Western Europe will have to regard the Chinese as a more significant influence upon the distribution of power.

A meeting point for all faiths

From Lord Stamp
Sir, At this time of increasing world tension, accentuated by religious fanaticism, never has there been a greater need for understanding and cooperation between the great religious faiths. An outstanding example as to how this might be brought about is the Commonwealth Day Service at Westminster Abbey in March each year, a most moving occasion for all who are privileged to be present.

Addressed by leaders of different faiths, Christian, Jewish, Moslem, Buddhist, Hindu and Sikh, with readings from their sacred writings and prayers offered by them, the congregation makes the following affirmation:

First. "We affirm our common faith in the Eternal Being, the Creator of all things, beyond and within all things."

Second. "We affirm our common faith that the lives of all men are in the hand of God, and that He is wherever men are."

Third. "We affirm our common faith in the need to assert the supremacy of love in all human relationships."

Fourth. "We affirm our common faith in the brotherhood of man and our common duty to serve the welfare of the common weal."

For those taking part these affirmations are the very essence of their religious faith, whatever may be the particular path they follow, and the service is a unique form of joint dedication. Those fortunate enough to obtain tickets for it, though, must greatly regret that the experience is not shared with all who might be reached by television, and I wonder if this might not be possible in future years. In the context of recent events this might help to undo some of the harm done by the insistence of television authorities on their rights in a free society.

Other opportunities not necessarily associated with the promotion of the Commonwealth ideal are open to those who believe in the fundamental importance of this approach to the achievement of world peace.

For example, during the coming Whit Sunday weekend, the St Albans Congress of Faith is to be held at St Albans Cathedral and School, at which messages will be read from the Archbishop of Canterbury and the Dalai Lama, and other religious leaders will be speaking. Members of all Churches are invited to "help A Brotherhood of Faith by forming local groups in their own areas with the purpose of inter-faith dialogue and prayer and understanding among all peoples."

This is surely an enterprise that all who are desperately concerned about the future of mankind should support by invitation.

Yours faithfully,
STAMP,
House of Lords, SW1,
May 16.

Future of N Ireland

From Lord Manton
Sir, Mr Shane O'Neill (May 1) and Mr E. Paul Baxter (May 12) are undoubtedly correct in their criticism of the well-intentioned but naive proposals for a large-scale re-partition of Ireland. The proposals, which are being put forward by the Government, are not only impractical but also dangerous. The assertion that re-partition would do nothing to appease the IRA is not merely guesswork. A much-respected parliamentarian of republican persuasion has openly declared that when 95 per cent of Protestants were to become 95 per cent of the population, the province would continue to demand that the province be incorporated into the Republic. If this is the response of a decidedly non-violent republicanism, how much more extreme would the terrorists' reaction be?

Furthermore, let us not forget that the 30 per cent plus of the population of the whole of Ireland who wish to remain linked with the United Kingdom are already confined to only 17 per cent of the island's territory. Re-partition on the terms suggested would lead to an even greater imbalance. But if a large-scale re-drawing of the border would be contrary to both sense and justice, can a minor adjustment be totally ruled out? Mr O'Neill spoke of the "justice of ceding Crossmaglen" where, uniquely in Ulster, virtually the whole population subscribes to a fervent republicanism. No transfer of population would be needed if these few square miles were ceded. This part of the south Armagh salient is not even to be defended, and for too many of the security forces have died trying to do so. If there is a case for a change of sovereignty anywhere, it is here.

Yours faithfully,
MONSON,
House of Lords, SW1,
May 14.

Up the pole

From Mr Gordon Ridgwell
Sir, The caption to John Manning's photograph in your issue of May 2 stated: "Oxford undergraduates celebrate May Day in the traditional way around the maypole." Yet the illustration shows them playing ribbons around a short maypole which is a traditional custom found in southern Europe and introduced into this country by John Ruskin.

The traditional English maypole, however, is a tall tree trunk lashed with great boughs and flowers, streamers and flags, and encircled with suspended wreaths, but it never had ribbons for dancers to hold and plait. Its traditional height alone would have made such decoration and such a type of dance impossible.

Let us not confuse our traditions in celebrating the return of the merry month of May but instead let May Day once again be a holiday of general rejoicing with the return of our native Morris dances and traditional social dances around gaily decorated maypoles erected in our towns and cities, our market squares and village greens.

Vassell!
GORDON RIDGWELL,
53 The Wick,
Hertfordshire,
May 14.

Future of British medical training

From Professor D. M. Matthews and Mr G. Westbury

Sir, Professor Crisp, Dean of the Faculty of Medicine of this University of London, has been Professor of Psychiatry at St George's Hospital Medical School, in his attempt to defend (article, May 9) the widely criticized Flowers report, merely repeats its original assertions.

None of these assertions is supported by tangible evidence. The patient population in London is not falling, as is simply demonstrated by the packed state of the inner city hospitals. The downward trend in "resident" population, which we assume Professor Crisp means, has itself plateaued and in some districts has begun to rise.

What does he mean when he writes that London has fallen behind the provincial schools in academic development? Academic performance in London is excellent in both teaching and research. Eminent academics from the world over still choose to come to London in undiminished numbers, many for their professional year. It is true that some schools lack officially recognized academic departments in some subjects but such subjects (in our case an example would be oncology—the study of tumours and cancer)—may be taught very well by expert members of the "non-academic" staff of the hospital.

There is no relationship between the size of a department and the quality of its research. In the last decade three of the smallest departments in this school alone have produced major internationally recognized advances in medical science, resulting in international prizes and lectures at major scientific meetings, and the head of one such department is a Fellow of the Royal Society. One of these small departments has obtained roughly £200,000 in research grants.

Berber language

From Dr Mohamed Ben-Madani

Sir, I refer to the interesting article on the Berber question in Algeria, which you published on May 2, and would like to suggest that there are at least three basic ambiguities in it which may have misled your readers.

The first relates to the question of the nature of Berber languages. There are in fact at least seven major Berber languages still in use in North Africa, which are not necessarily mutually intelligible. In addition, the limited vocabulary to which your correspondent refers is not the consequence of linguistic poverty as he suggests. Berber languages, having been subjected for centuries to confrontation with Arabic, have necessarily taken over many loan words, and the reverse is true as well, as colloquial Arabic in North Africa is heavily dependent on words of Berber origin.

In the second place, it is incorrect to imply that Berber and Arabic in North Africa represent different ethnic groups. In fact, the vast majority of North Africans are fundamentally ethnic Berbers in origin, despite the intermarriage that has undoubtedly taken place over the centuries. However, many of them speak Arabic rather than one of the Berber languages. The reasons are manifold, and in the case of Algeria, at least, often represent a conscious rejection of French attempts to assimilate Berber speakers into the French colonial policy of imposing the use of Arabic. Basically, the populations of North Africa suffer from linguistic, rather than ethnic, distinctions.

A third point concerns the recent distribution of the Berber languages and culture have been repressed for years, but more

Lead in petrol

From Mr Nicholas Albery

Sir, As one of the parents involved in the "Lead in Petrol" Court of Appeal case against BP and Shell (The Times Law Report, May 9), I would like to comment on the implications of the court's finding that, where Parliament has legislated the maximum permitted level for a particular substance which is sold nationally, the manufacturer and distributor cannot be held liable for negligence.

In our statement of claim—the facts of which in a "striking" action, judges are expected to assume are capable of proof—we argued that the multinational oil companies had access to a great deal more information about the effects of lead in petrol than the Government, and that there were instances of attempts by the petroleum industry to suppress certain research results in this sphere; and that the Government was partly dependent on the petroleum industry for its information. In the same way, in the case of the vast quantities of lead in petrol, the manufacturers were largely dependent on the manufacturers for their information.

Up until now, it has always been the law in this country that permissive parliamentary legislation, particularly that which makes no allowance for compensation, only permits action if it can be carried out without negligence; and

Overcrowding of prisons

From Mr T. M. S. Tossuill

Sir, On May 10 you reported the decision of the Queen's Bench Divisional Court (Regina v Nottingham Justices, Ex parte Davies) that magistrates need not hear bail applications in cases where earlier applications have been refused, unless there has been a change in circumstances. The court said that the appropriate remedy was to apply for bail to a High Court judge.

Unfortunately, legal aid does not extend to such appeals, in which the chances of success are much greater for the appellant who has full legal representation. Therefore, convicted prisoners who cannot afford private representation will sometimes be without an effective remedy, and the result will probably be an increase in their numbers.

Yours faithfully,
T. M. S. TOSSUILL,
260 Braxton Hill, SW2,
May 14.

Letters to the Editor

From external sources in the past decade.

The professional scientist is not so foolish as to duplicate work going on next door, as Professor Crisp suggests. Centralization of many small units into a few unwieldy megaliths may well reduce the essential flexibility to which Professor Crisp pays lip service. Recognizing the dangers of large schools, why does he advocate them? The size of school recommended by Flowers much exceeds anything so far in existence in the United Kingdom. The average yearly intake of medical schools in the United States is in fact no more than 133 (ours is 100). In this connection we should add that our school is one of those saddled with an annual deficit.

We are surprised that Professor Crisp's arguments lack the objectivity which should be expected of the occupant of a university chair. He asks how the excellence of London medical teaching can be preserved. Surely not by measures including the destruction of this school, which the Vice-Chancellor concedes has achieved the best pass rate in the final qualifying examination in London consistently over the past 10 years, is relatively inexpensive to run, and is internationally known for research in many areas, including cancer research, research on blood proteins and disorders of protein synthesis.

The university should hesitate and think carefully before making the dangerous and irreversible changes proposed by Lord Flowers and his committee.

Yours faithfully,
D. M. MATTHEWS, Professor of Internal Medicine, St George's Hospital, G. WESTBURY, Consultant Surgeon, Westminster Medical School, 17 Horseferry Road, SW1,
May 9.

fundamentally, to the lack of freedom of expression, both political and cultural. In some respects, as your correspondent rightly points out, the basic fear is a loss of a cultural heritage through the adoption of an alien language—modern literary Arabic. This was the reason why the demonstrators demanded recognition of "popular culture", an authentic Algerian culture, expressed both in colloquial Arabic and in Berber—a cultural homogeneity which involves linguistic diversity.

There are many minor points that might well bear comment, but of more major concern is the considerable importance, particularly in view of the Algerian government's recent concession, whereby Kabyle Berber will now figure in university syllabuses and in radio programmes. It is vital that this concession (made after the distinction between Kabyle and other Berber peoples and after 21 people had been sent to prison for periods ranging from one to eight years for their involvement) should not be allowed to cloud the central issue—that popular modes of expression, be they in colloquial Arabic or in one of the Berber languages, should be accorded an official place within Algerian cultural life, rather than be swamped by literary Arabic and the predominantly Middle Eastern culture that it implies.

Allied to this, there are of course questions of political freedom of expression, but here the present government of President Chadli Benjedid has shown itself much more responsive than its predecessor. It is to be hoped that the cautious liberalization undertaken so far is a promise of much more to come.

Yours faithfully,
M. B. MADANI,
Editor, The Maghreb Review,
96 Marchmont Street, WC1,
May 5.

Lead in petrol

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Sir, As one of the parents involved in the "Lead in Petrol" Court of Appeal case against BP and Shell (The Times Law Report, May 9), I would like to comment on the implications of the court's finding that, where Parliament has legislated the maximum permitted level for a particular substance which is sold nationally, the manufacturer and distributor cannot be held liable for negligence.

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Unfortunately, legal aid does not extend to such appeals, in which the chances of success are much greater for the appellant who has full legal representation. Therefore, convicted prisoners who cannot afford private representation will sometimes be without an effective remedy, and the result will probably be an increase in their numbers.

Yours faithfully,
T. M. S. TOSSUILL,
260 Braxton Hill, SW2,
May 14.

An Arab's view of London

From Mr Ali Mousha Tarabassi

Sir, I am an Arab from Sharjah. I write to you very angry and upset about my treatment by some people here. I do not know why! Is it because of the Iran embassy siege or of the film?

The story is that I used to like to come to Britain with my family. We love the parks and flowers, green places we don't have in Sharjah. Every year I work hard to have some money and come for holiday here with my wife and two sons, but this year I come with my wife only because she is ill. We decided immediately to come to Britain to see a doctor. We would never spend our holiday money anywhere but Britain.

No wonder we were upset when we met the immigration officer at the airport. He was bad to us, he kept asking us questions for more than 30 minutes. We were very tired, the long flight, the waiting and my wife ill but he must know how much money we have and where we come and where we go. My English is not quick, when I did not understand the talk quick. He said to me, "I swear I will have enough ill people here to see, you go back and stay with your camel". He never use thank you or please. British are very famous for please and thank you.

On Tuesday May 6 me and my wife standing on Baker Street waiting to go to the hotel. We were waiting taxi we wait for a bus and at 3.30 afternoon bus No 30 came. We were in queue and as we were going in the bus the conductor said no to us. He said you are rich Arabs take taxi and the bus is for poor people. On the bus, two people saw this. I was upset, we walk and my wife ill. Why, what happened to the British, we never treat people like in home?

I am going home to be with my camel but we leave depressed and upset, my wife never come out from the hotel since Monday. Why, we never hate you, why hate us?

Please excuse my English, thank you.
ALI MOUSHA TARABASSI,
Sharjah Market Street,
Sharjah,
United Arab Emirates,
May 8.

Release of Mary Bell

From Mr B. C. Ruck Keene

Sir, Lord Gardiner (May 13) makes a dignified and commendable plea that Mary Bell should not be hounded by the media following her release from prison. I hope that the release will not fall on deaf ears. However, a point which is surely worthy of serious consideration is how it comes to be that there has been, as Lord Gardiner points out, advance publicity of Miss Bell's release. One would have hoped that Miss Bell would have been released without the media being informed of the event in advance.

Yours faithfully,
B. C. RUCK KEENE,
Mill Hill,
Brandsbury,
York.

London's third airport

From Mr P. F. Carter-Ruck

Sir, Mr Norton has stated that "Stansted is the only realistic option" for the third London airport.

It would be iniquitous if Stansted were selected, for the following reasons:
1. A long ago as December 10, 1964, Mr D. A. Lovelock (Ministry of Aviation) stated: "The new Government is committed to a full and fair inquiry on the same terms as those declared by the last Government. No act of decision will be taken on Stansted until after the inquiry. If the inquiry comes down against Stansted, alternative sites will again be considered and one of these selected" (my italics).

2. The inquiry into the proposed development at Stansted as the third London airport in May 1967, found that "It would be a calamity for the neighbourhood if a major airport were placed at Stansted and that there were strong arguments against Stansted on grounds (inter alia) of: Town and Country Planning, noise, change of character of the neighbourhood, and substantial loss of good agricultural land" (among the best in the world).

3. As a result of the 1967 report, a further inquiry (the Roskill Commission) was held in 1971 and again Stansted was rejected.
4. Having been twice rejected in the last two decades, it would be an abdication of natural justice if Stansted were again considered and a surrender of government by Parliament to a small group of extremists to override and ignore the findings of two independent inquiries.

Why should the citizens of Essex and Hertfordshire, who have fought to save their homes and for their freedom to live in peace, suffer a further inquiry because of the lack of foresight and the inaction for over 13 years of a government department?

Yours faithfully,
PETER CARTER-RUCK,
Essex House,
Essex Street,
Strand, WC2,
April 30.

Cut-throat business

From Mr Ernest A. Palmer

Sir, It was good to read (April 30) that the Festival Hall is trying to stem ticket touts. These parasites not only make life difficult for pedestrians in the West End but one's very approach to a theatre showing a success like *Evita*—one's safety is often in jeopardy.

On the financial side, the theatres suffer and the touts do not pay tax on their considerable and expensive profits. There are already "touts" of touts buying up a stack of tickets for *Sweeney Todd* which will make the Drury Lane 22a similarly insufferable from July and through the summer.

Yours faithfully,
ERNEST A. PALMER,
33 Sylvia Gardens,
Wembley,
Middlesex,
May 6.

David Wood

levating peers to life below stairs

Enoch Powell, in a few characteristically powerful syllogisms, the other day perfectly sees the dilemma of bedeviled thinking of the 1922 Committee subcommittee when its members try to find a way to reform the House of Lords and make the Chamber parliamentary system more effective. The House of Lords is a body of unelected members, and its members are not elected by the House of Commons. The House of Lords is a body of unelected members, and its members are not elected by the House of Commons. The House of Lords is a body of unelected members, and its members are not elected by the House of Commons.

Many Tory constitutionalists, argument is unexceptionable. Mr Powell's conclusion that House of Lords is a political nuisance for all small governments, which would be lost if it were reformed or abolished. The 1922 subcommittee, along with Conservative peers like the Chancellor and the Foreign Secretary, have precisely to deal a mounting threat of early dissolution of the House of Lords. Labour returns to power. The House of Lords is a political nuisance for all small governments, which would be lost if it were reformed or abolished. The 1922 subcommittee, along with Conservative peers like the Chancellor and the Foreign Secretary, have precisely to deal a mounting threat of early dissolution of the House of Lords. Labour returns to power. The House of Lords is a political nuisance for all small governments, which would be lost if it were reformed or abolished. 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THE TIMES

BUSINESS NEWS

Housing:
Absurdities that
need to
be ended, page 23

Stock markets
FT Ind 435.7, down 2.1
FT Cils 67.76, up 0.10

Sterling
\$2.2840, down 1.65 cents
Index 73.1, down 0.4

Dollar
DM 85.5, up 0.2
DM 1.7950, down 5 pts

Gold
\$516.50, down \$2

Money
3 mth sterling 17.17-
3 mth Euro \$ 114-114
6 mth Euro \$ 114-114
Friday's close

IN BRIEF

Louhio may enter bid for British sugar

Louhio, the international sugar group, is thinking of entering a bid for British sugar. The group, which is based in London, has been in the market for some time. It is now being reported that the group is considering a bid for the British sugar industry. The bid is expected to be made in the next few weeks. The group is currently in the process of raising funds for the bid. It is expected that the bid will be successful.

Subsidies ends trading

Subsidies, one of the leaders of the oil industry, has ended trading. The company has been in the market for some time. It is now being reported that the company has ended trading. The company is currently in the process of raising funds for the bid. It is expected that the bid will be successful.

Assets bank move

Assets bank move, one of the leaders of the oil industry, has ended trading. The company has been in the market for some time. It is now being reported that the company has ended trading. The company is currently in the process of raising funds for the bid. It is expected that the bid will be successful.

Refuelling

Refuelling, one of the leaders of the oil industry, has ended trading. The company has been in the market for some time. It is now being reported that the company has ended trading. The company is currently in the process of raising funds for the bid. It is expected that the bid will be successful.

Bank changes

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Deal for £5.8m

Deal for £5.8m, one of the leaders of the oil industry, has ended trading. The company has been in the market for some time. It is now being reported that the company has ended trading. The company is currently in the process of raising funds for the bid. It is expected that the bid will be successful.

Energy find

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Bonds boost

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Deficit

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Charity

Charity, one of the leaders of the oil industry, has ended trading. The company has been in the market for some time. It is now being reported that the company has ended trading. The company is currently in the process of raising funds for the bid. It is expected that the bid will be successful.

Boyle report set to fuel controversy on top salaries in state industries

By Peter Hill

A new round of pay rises for senior civil servants and nationalised industry chiefs is expected to be recommended in a report to be submitted to the Prime Minister within the next few days.

The report is by the Top Salaries Review Body, under the chairmanship of Lord Boyle of Handsworth, and its recommendations include pay awards for judges and senior members of the Armed Forces. Submission of the report will clearly pose an embarrassing dilemma for the Government as the background of last week's action figures and the controversy over the financial dealing to secure Mr Ian MacGregor as the next chairman of the British Steel Corporation. Lord Boyle's latest report has been based on studies over several months. Its recommendations have been anticipated by those whose senior executives are again worried at what they see as a widening gap between their own pay and rates enjoyed in private industry.

The state industry chairmen also are concerned at difficulties caused by further compression of differentials between board members' salaries and those of senior executives. Through the Nationalised Industries Chairman's Group, they have urged the Government to overhaul the entire system by which public sector salaries are fixed.

Boyle's new report will be concerned with updating rises already paid to take account of inflation. At the beginning of April the state industry salaries were recommended in the Boyle report of 1978 were implemented, lifting the top salary in state industry to £53,500.

Since then, public attention has focused on the MacGregor appointment at British Steel. Although Mr MacGregor will receive only his BSC salary—presently £48,500—his former employer, Lazard Frères, could receive up to £1.8m during his three year term subject to the corporation achieving certain performance criteria.

The long search for Mr MacGregor demonstrated the wide disparity in salaries which exists between major international corporations and Britain's nationalised industries. Two years ago the chairman of six large American steel companies received salaries well over £200,000.

In discussions with other candidates for the BSC job, ministers indicated they were prepared to be flexible on salaries and conditions of engagement. Clearly, that concession will be exploited by state industry chairmen in any pay bargaining. The Boyle committee has said in the past that state industry salaries should be high enough to attract sufficiently talented businessmen. However, it stopped short of suggesting a direct comparability with the private sector.

With the uncertainty over finding new chiefs for BSC and British Shipbuilders resolved, the Government is looking for a top businessman to take on the chairmanship of the new British Telecommunications Corporation, which will be established by the splitting up of the Post Office's posts and telecommunications businesses.



Lord Boyle: pay rises needed to attract talented businessmen

Gregor demonstrated the wide disparity in salaries which exists between major international corporations and Britain's nationalised industries. Two years ago the chairman of six large American steel companies received salaries well over £200,000.

In discussions with other candidates for the BSC job, ministers indicated they were prepared to be flexible on salaries and conditions of engagement. Clearly, that concession will be exploited by state industry chairmen in any pay bargaining.

The Boyle committee has said in the past that state industry salaries should be high enough to attract sufficiently talented businessmen. However, it stopped short of suggesting a direct comparability with the private sector.

With the uncertainty over finding new chiefs for BSC and British Shipbuilders resolved, the Government is looking for a top businessman to take on the chairmanship of the new British Telecommunications Corporation, which will be established by the splitting up of the Post Office's posts and telecommunications businesses.

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Production at BL down by 56 per cent

By David Hewson

Output at BL, the state-owned car company, fell by 56 per cent in March compared with the same period in 1979, according to figures from the Society of Motor Manufacturers and Traders.

The number of cars produced by Ford and Vauxhall also fell, though not so dramatically, reducing the overall average weekly output of the British car industry by 25.7 per cent.

Taken over the first three months of this year, weekly output of United Kingdom car manufacturers is 8 per cent down on the corresponding period of 1979.

Both Austin Morris and Jaguar-Rover-Triumph showed substantial falls in their weekly average rates of production. At Austin Morris, the rate fell from 10,008 vehicles in March, 1979, to 4,601. About 6,500 men had been laid off at BL's Cowley plant because of poor sales of Minis, Maxis and Princesses.

The company's works at Longbridge was affected when 30 trim shop workers went on strike, stopping production of the Mini.

They had complained that a new material being used in the construction of the car caused irritating skin rashes. Weekly production at Jaguar-Rover-Triumph fell from an average of 2,557 in March, 1979 to 785 this year. Output for the whole of BL was 5,559 vehicles a week compared with 12,861 in March last year.

At Ford, weekly output fell from 9,957 in March last year to 8,977 this year, and at Vauxhall from 1,592 to 1,333 for the same period.

Talbot was the only major United Kingdom manufacturer to be against the trend, increasing weekly output from 2,116 to 3,812.

Production of commercial vehicles also fell month-on-month by 15.7 per cent.

But the commercial vehicles sector is ahead when the production of the first three months of this year is compared with the same period of 1979. Weekly average output has risen from 119,986 to 122,690, according to the society.

Imports of textiles into the community are governed by bilateral trade agreements negotiated under the Multi-Fibre Arrangement. Despite frequent allegations of fraud, evidence of evasion of controls has been difficult to provide. The European Commission said it was hard to establish the quantity of goods entering fraudulently. But estimates suggest that some countries' exports exceed their quotas for certain types of textiles by between 5 and 20 per cent because of false certificates of origin.

Two years ago, the commission discovered that trousers made in Hongkong had entered the community and were sold to 25 British companies having factories in Hongkong.

The commission says that investigation of allegations of fraud are difficult and time-consuming. But it has now worked out with exporting countries a basic procedure.

Where fraud has been established, the commission has issued a list of countries of origin are reduced by the volume of goods fraudulently imported. Exporting countries are anxious to avoid creating pressure within the community for more stringent controls.

There could be major new policies, but ones promoted by those White House staff whose influence is fading. The November elections. And it would not come as much of a surprise to find Mr Miller singing a new song later this summer—a song written in the White House and calling for tax cuts.

Legislation for private capital in the next parliamentary session Delay in plan to sell BNOC shares

By Nicholas Hirst

The Government is continuing to press ahead with plans to bring private capital into the state-owned British National Oil Corporation in the next parliamentary session.

It was originally planned to introduce the necessary legislation in the present session but the belief that the proposal had now been dropped appears to be wrong.

In spite of the complexity of creating a separate North Sea exploration and development organization into which private capital can be injected, the Government seems determined to go ahead.

The difficulties became evident earlier this year when the Government tried to arrange a sale of shares in time to reduce the 1980-81 public sector borrowing requirement when it would have had most effect.

By next year the BNOC will be earning substantial revenues which will flow directly to the Exchequer. Critics of the plan had thought that it might be dropped, but BNOC has continued to receive inquiries to establish how it could best be done.

The problems include the re-drafting of the participation arrangements between the BNOC and private sector companies operating in the North Sea. The BNOC has the right to buy, at market price, 51 per cent of all crude output and the Government wishes to keep the trading arm of the corporation in state hands to keep the security of supply which it is intended to provide.

Some officials within BNOC have wanted the private arm, in which shares would be offered to the public, kept as a subsidiary of a new holding company which would also control the trading function. The Government, however, has seemed more inclined to separate the two completely.

Production in the North Sea has received a minor setback because of the discovery of disappointingly difficult geology in the Ninian field operated by Chevron, whose partners include Lloyds and ICI.

It had been hoped that production would rise to 270,000 barrels a day this year, but it is more likely to be an average 50,000 barrels a day less giving a total of 220,000 barrels a day instead of the expected 360,000 barrels a day in 1982.

The difficulty is the permeability of the rock which has meant that if water injection proceeds too fast it will damage wells and reduce the overall recoverable oil. The original estimate of reserves of 1.2 million barrels, has not been altered, but production will take longer, reducing the overall profitability of the field.

In the Thistle field, what appears to be a crack in welding on an accommodation module has resulted in 40 men being lifted off the platform while repairs are carried out.

The workforce on the Thistle platform has been enlarged and an extra module added to house the 40 men who are being transferred. They are expected to be able to return within a few days when the repair is completed.

A stand by Mr John Nott, Secretary of State for Trade, aimed at persuading Brazil to reduce its high tariffs against British and other exports, is now being used to see how far his stand persuades Brazil to move on these restrictions and on footwear before taking a decision on the BFM's formal application for action to be taken on Brazilian footwear imports.

The manufacturers want action under Article 19 of the General Agreement on Tariffs and Trade (GATT) on grounds of distortion of trade.

Mr Fielden said yesterday: "Action under Article 19 cannot be left any longer because of the sharply increasing volume of the Brazilian imports: a doubling of last year's imports of 3.2 million pairs of shoes on the cards after the 11 per cent increase we saw in the first two months of this year."

"Some reduction of Brazil's tariffs against imports is just not enough—they are running at 170 per cent and would need to come down to below 20 per cent to mean anything to British footwear exports."

"Something has to be done about the subsidy which effectively is being given to the Brazilian footwear manufacturers."

Government considers big changes in Post Office Users' Council

By Patricia Tisdall

The Government is considering restructuring the Post Office Users' National Council to bring it more in line with the interests of the Post Office and the creation of a separate telecommunications authority.

Talks have taken place between user council representatives and the Departments of Industry and Trade, but no firm decision has been taken yet.

The users' council wants the Department of Industry to set up a new independent regulatory watchdog for telecommunications. This would incorporate the POUNC's existing function of overseeing tariffs policy, but would also be concerned with approving equipment intended for the telephone network.

One suggested way of funding such an organization is through a levy on telephone customers rather than via a grant from central government as at present.

This would help to spread the extra cost burden since such a regulatory body, which the council argues would need its own independent technical experts, would be considerably more expensive than the existing Council.

However, it would require the cooperation of the Post Office's internal accounts staff as well as the agreement of customers.

Discussions about the future of the POUNC are taking place against the background of an overall government review of consumer representation policy for nationalized industries.

Earlier this month the system, prevalent in the public sector, was criticized by the Federation of Civil Engineering Contractors. It blamed the system for the growing number of bankruptcies.

Mr Dunbar conceded that it would be unrealistic to expect firm-price tendering to be abolished, but he is seeking assurance that local authorities will not require contractors to keep tenders open beyond a reasonable period.

According to members in the West Midlands, some contractors are being asked to operate on a firm-price basis from the actual tender date. This could be 15 months or more.

"This would be iniquitous at the best of times, but when inflation is running at around 20 per cent and building costs are rising at two per cent a month it is totally unrealistic," Mr Dunbar said.

The NFBE has agreed to press the Government to accept the principle that the 12-month period for firm-price tenders should run from the date of tender.

Some bankers have the feeling Mr Miller does not care about currency issues. This view is based partly on his lack of interest in filling the key and long vacant post of under-secretary of the treasury for monetary affairs. Then Mr Miller has not helped to convince foreigners of his understanding of global problems by his refusal to give an interview to a single foreign newspaper reporter this year.

The trouble is that in today's economic turmoil there is a crying need for an imaginative and skilled treasury chief. Mr Miller has talents and he should not be written off, but time is running out for him to prove that he deserves a more impressive reputation.

Mr Thatcher visited Washington a few months ago and made no secret of the fact that she was much more interested in the head of the Textron conglomerate than in the performance of the Treasury.

He worked hard to increase the tax burden on the oil companies with the windfall profits tax and to secure government aid for Chrysler.

He is a competent administrator, a hard worker and an articulate spokesman for the President. But on the domestic front he has failed so far to win a reputation for leadership.

UK footwear makers seek tougher action over Brazilian imports

By Derek Harris

A stand by Mr John Nott, Secretary of State for Trade, aimed at persuading Brazil to reduce its high tariffs against British and other exports, is now being used to see how far his stand persuades Brazil to move on these restrictions and on footwear before taking a decision on the BFM's formal application for action to be taken on Brazilian footwear imports.

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"Something has to be done about the subsidy which effectively is being given to the Brazilian footwear manufacturers."

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Gerrard & National DISCOUNT COMPANY LIMITED

Extracts from the Statement by the Chairman, Mr. R. G. Gibbs

* The Group loss after taxation for the year ended 5th April 1980 amounted to £1,117,000 compared with a profit of £5,006,000 in the previous year. The Group loss consisted of a loss in the Company of £1,169,000 (1979: Profit £4,435,000) and profits from the subsidiary companies of £52,000 (1979: £571,000).

* A Final dividend of 6.5p (1979: 5.124p) is proposed. This, together with the Interim of 5p (1979: 4p), will make a total distribution for the year of 11.5p—an increase of 26.04%.

* Disclosed shareholders' funds now stand at £25.1m. compared with £28.1m. last year. Inner Reserves stand at a higher figure than previously.

* Interest rates both here and in the United States have fallen in recent weeks and during this period we have lengthened our book considerably, and have thus started our new year on an encouraging note.

	1980	1979
Profit (Loss) for year*	£600	£690
Transfer to General Reserve	(1,117)	5,006
Total cost of dividends	1,500	1,500
Ordinary dividends (gross)	1,729	1,363
Disclosed Shareholders' Funds	£5.71%	£4.47%
Total Assets	25,084	28,122
	1,200,619	1,213,004

*After taxation and a transfer to inner reserves.

Gerrard & National Discount Company Limited
32 Lombard Street, London EC3V 9BE. Tel: 01-623 9281

THE POUND

	Bank buys	Bank sells		Bank buys	Bank sells
Australia \$	2.09	2.02	Norway Kr	11.62	11.25
Belgium Sfr	36.60	36.85	Portugal Esc	114.00	108.00
Canada Cdn	69.50	66.00	S Africa Rd	2.10	1.96
Denmark Dkr	13.23	12.88	Spain Ptas	164.50	157.50
France Fr	8.20	8.20	Sweden Kr	9.95	9.55
Germany DM	4.27	4.05	Switzerland Fr	3.50	3.27
Greece Dr	92.50	92.50	US \$	2.47	2.47
India Rupee	11.15	11.00	Yugoslavia Dnr	49.00	46.00
Italy Lira	1,985.00	1,980.00			
Japan Yen	545.00	520.00			
Netherlands Gld	4.66	4.45			

Rates for small denomination bank notes only as supplied by Barclays Bank International Ltd. Different rates apply to travellers' cheques and other foreign currency business.

NEI

Annual Results - 1979

"The Group made a good start in the current year . . . and faces the future with confidence."

The Chairman, Mr. Duncan McDonald, CBE, states: 1979 was a difficult year. However we have maintained satisfactory liquidity without curtailing capital investment and have a strong balance sheet. The resilience shown by many of our trading units in adapting to changing markets is encouraging.

We made a good start in the current year and substantial orders are expected from the nuclear power station programme which has been recently confirmed by the Government.

The Group remains soundly based and faces the future with confidence.

	1979	1978
Turnover	£453m	£451m
Profit before taxation	£18.130m	£30.464m
Profit attributable to NEI Shareholders (after taxation & extraordinary items)	£7.927m	£22.740m
Earnings per ordinary share (excluding extraordinary items)	5.85p	14.82p
Dividend per ordinary share	3.75p	3.75p

The dividends and earnings per share have been adjusted to reflect the capitalisation issue in July 1979.

The Annual General Meeting will be held on Wednesday 11th June at 12 noon at the Royal Station Hotel, Newcastle upon Tyne. Copies of the Report are available from the Company Secretary, Northern Engineering Industries Ltd., NEI House, Regent Centre, Newcastle upon Tyne, NE3 3SB.

Northern Engineering Industries Ltd

NEI Bruce Peches Ltd • NEI Clarke Chapman Cranes Ltd • NEI Clarke Chapman Engineering Ltd • NEI Clarke Chapman Power Engineering Ltd
NEI Electronics Ltd • NEI International Combustion Ltd • NEI John Thompson Ltd • NEI Parsons Ltd • NEI Rayrolle Ltd • NEI Thompson Cochran Ltd
NEI International Ltd • NEI Overseas Ltd • NEI Projects Ltd

UK official trade mission to visit Zimbabwe

By Derek Harris
Commercial Editor

Mr Cecil Parkinson, Minister of Trade, leaves for Zimbabwe tomorrow at the head of a trade mission which will make the first government attempt to revive business links which were worth some £500m a year before Rhodesia's UDI.

Trade since has dwindled to just a few million pounds a year, but Department of Trade studies indicate that Anglo-Zimbabwe trade, although it cannot be expected to revive to pre-UDI proportions, could grow to the point where Zimbabwe is Britain's third largest partner in Africa after Nigeria and South Africa.

Immediate opportunities for United Kingdom companies appear to lie in the refurbishing programme for industrial equipment and in mining, agriculture and public sector development.

Zimbabwe's increases in exports to Britain are expected to come largely from minerals and tobacco. Recent British exports to Zimbabwe have been mainly textile machinery, transport equipment and some other

manufacturing machinery. Imports to Britain have included tea, iron and steel and a few manufactured articles.

Mr Parkinson's discussions during the rest of the week in Salisbury and Bulawayo, when he expects to meet a number of senior Zimbabwe ministers, will be aimed particularly at assessing how far problems over foreign currency are likely to force Zimbabwe to keep on its strict import controls. Britain has already announced a £75m aid programme for the country spread over three years to help with its financial problems.



Mr Cecil Parkinson: hoping for trade revival.

Changes at top in wool secretariat

By David Hewson

Operations of the London-based International Wool Secretariat, which promotes wool on behalf of the world's leading exporters, are to be reorganised by a new streamlined top management structure. Dr Gerald Laxer, the managing director said at the weekend.

The principal aim of the new structure, he said, was to provide a close-knit management base for improving the cost-effectiveness of all the IWS operations.

He claimed it would also result in better co-ordination of operations across international borders in the face of growing competition.

All IWS branches are now the responsibility of Dr John McPhee, the deputy managing director, and West European branches are to be administered as one group.

The West European branch will replace three previous branches, which each had its own area director. Mr Oscar Karsant and Mr Osamu Sekine are to remain as area directors for Eastern Europe and Asia, respectively. Appointments to the positions of area director North America and area director developing countries will be announced soon, Dr Laxer said.

The IWS has branches and offices in more than 30 countries and is financed from wool growers in Australia, New Zealand, South Africa and Uruguay.

CBI president looks for interest rate and public spending action

Sir John Greenborough, outgoing president of the CBI, is looking for an early fall in interest rates and tougher action on public spending from the Government.

He ends his two-year spell as CBI president this week and says that the next two years, when Sir Raymond Pennock takes over the CBI helm, will be crucial for the British economy.

Despite high inflation, rising unemployment and low output, Sir John still backs Mrs Thatcher's economic policies.

"We will carry on giving the Government a bit of flak from time to time in terms of its tactics, but we are in agreement with its objectives and its strategy."

He said the first target had to be the defeat of inflation, and the CBI supported the Government's fiscal and monetary stance.

"But where we would criticize the Government at the moment is that it has not yet got to grips with the heavy

bureaucratic load of public sector services."

The other target was record interest rates. Control of the money supply seemed successful, and if this control was now consolidated, Sir John said, "then I sincerely hope that the Government will be giving thought to some easing of interest rates."

"We said, right from the beginning, that although we accepted the requirement and the discipline of monetarism we expected that as soon as money supply was under control interest rates should be reduced as quickly as possible."

Small and medium size companies, which could not borrow at such low rates as larger companies, were bearing the brunt of the high cost of credit.

Sir John had hoped to leave the CBI when his presidency ended, but the death last month of Sir John Methven, its director general, persuaded him to stay on as deputy president for the time being.

Sir John argues that wealth must be created before it can be distributed, and better pub-

lic services have to be earned, but he is not against public spending.

"One day, and I hope not too far away, when we use our resources effectively to create wealth, I hope we can have and afford the highest levels of public spending in the world."

"That would be my goal. I would want the best schools, the best roads and the best hospitals."

He has a passionate belief in British manufacturing industry and the need for employers and unions to work together. The phrase "the two sides of industry" is the one most calculated to annoy him.

Despite describing himself as an "eleven plus failed economist", Sir John has made it to the top of British industry.

After joining Shell as a "broke student" in 1939, he has headed its operations in Argentina, Brazil, and the Far East.

He was put in charge of what he describes as the biggest merger ever, the split up of Shell Mex and BP, and retired from Shell this June after 40 years.

Exports to Hongkong increase 46pc

Hongkong buys more than one-quarter of its luxury cars from Britain—worth about 17m Hongkong dollars (about £1.5m) a year.

Britain is also the largest supplier of heavy vehicles to Hongkong, valued at SHK22.8m last year.

These figures were reported by Mr D. M. March the senior British trade commissioner at the opening of the MD Motors' prestige car show in Hongkong.

Mr March said that total British exports to Hongkong increased by 46 per cent to SHK4,300m last year, while

Hongkong's exports to Britain increased by 54.3 per cent.

Car components account for a large share of Britain's export earnings, totalling SHK16,800m compared with SHK3,200m worth of cars and SHK6,500m worth of commercial vehicles.

Company to develop office automation

By Kenneth Owen

A new company called Office Technology has been set up. Computer Technology, Hemel Hempstead mini-puter company, as part restructuring which involves change in ownership. These companies will be the operating subsidiaries of a new company, Information Technology.

Office Technology will at the developing field "principal" work stations, equivalent for managers of typists' word-processing units. Eventually, such stations will be able to handle a mixture of text, data, and images.

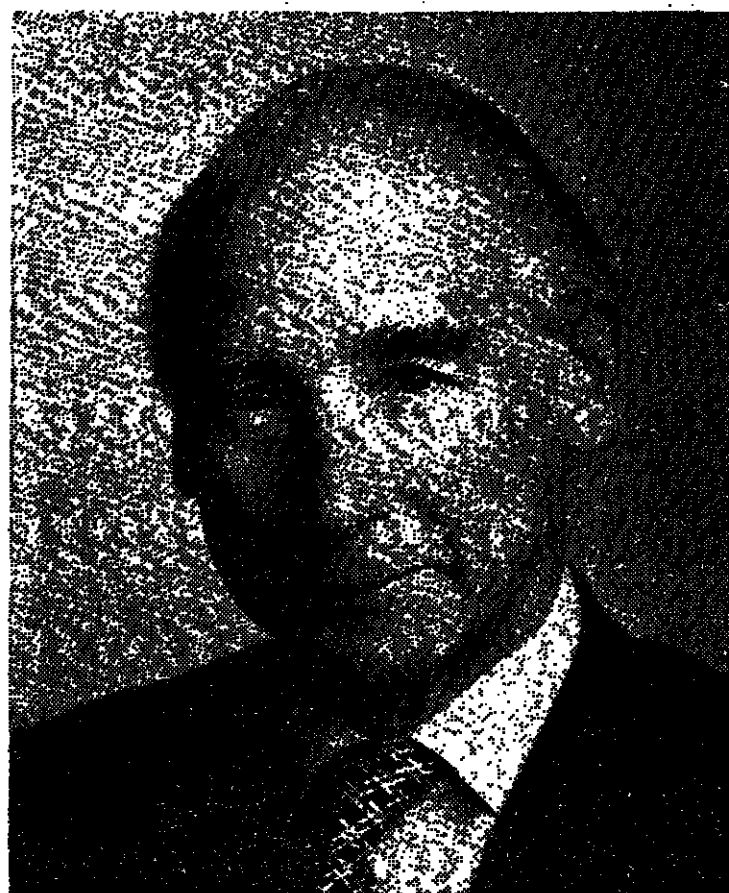
In its approach to inform office systems for information processing, the new company is working along similar lines to the National Enterprise Board's office automation subsidiary. But while the systems will be based on central computer power, aimed at very large organisations, Office Technology develops smaller systems for local processing, power local stations.

According to Mr Davies, group plans to grow by 25 per cent a year over the next years to reach a turnover of £50m by 1985. The estimated revenue for 1979-80 is £2.5m for a profit of £500,000.

Mr C. A. Davies, former Managing Director of recently Schlumberger, is taking a 10 per cent share in the new group of companies, with options on a further 45 per cent. This comes from the 90 per cent in Computer Technology by the institutional investors ICFC, Savaria, Pergamon and Samuel Montagu.

The managing director of Office Technology is Mr Taylor, a former vice-president of American operations for a four-man team from (United Kingdom) has been recruited to develop new products for the office systems market. The new company's first products are expected to be introduced next year.

Freedom-with Publicity.



the power of the consumer." He continues:

"The very nature of our business is service. The free market in which we operate dictates the need to provide wide cover and efficient service at a competitive price commensurate with security."

"It is disappointing, therefore, sometimes to hear suggestions that consumers and insurers are on opposite sides of some invisible fence and that there is a conflict of interest between them. We have never suggested that insurance is a simple matter—this is why we employ skilled staff to take care of the complexities for our customers—but we do still believe that the 'utmost good faith' is the best basis for our business."

"We must strive, therefore, to ensure that a balance exists between the cost of protecting the consumer on the one hand, and the penalty of a restricted, standardised, non-competitive insurance industry on the other. Increased supervision and control can only deaden our whole vitality."

"The second factor changing our traditional principle of freedom with publicity is the influence of legislation where the tendency has been to control this industry in ways which may not always be in the long-term interests of policyholders, staff and shareholders. Some of this legislation is actuated by political ideology which has no practical foundation and thus we believe that we have a duty to make our views known to Governments irrespective of their political complexion."

**General
Accident**

On 23rd February 1870, the following words were spoken in the House of Commons during a debate on the regulation and control of the then emerging British insurance industry: "Perfect freedom and perfect publicity ought to be the motto of a legislator in such matters."

And it is on this principle of minimal interference by the State on the one hand and a spirit of openness by insurers on the other—freedom with publicity—that the UK insurance industry's operations have been based ever since.

But addressing shareholders in his first Annual Statement as Chairman of the General Accident Fire and Life Assurance Corporation Ltd., Mr Gordon R. Simpson sees if not the erosion of this principle a re-definition of its meaning as a result of two factors, both noticeable worldwide. "The first factor" he says, "is

Industry in the regions

Brickhouse example could bring more work to the Black Country

The Black Country, the heart of the West Midlands industrial conurbation, is a great deal cleaner today than it was before the implementation of the Clean Air Act, but it still earns its living from its traditional industries—the manipulation of metal in every conceivable form.

There are more factories per square mile than in any other part of Britain. With so much industry concentrated into such a relatively small area, and most of its companies using the same basic material, it is not surprising that there should be a great deal of interdependence. Sub-contracting two and three times removed is the name of the game.

But this cosy, family life has its drawbacks. The worst is that when the engineering, drop forging and foundry industries run into troubled times the whole of the Black Country suffers. And that is the position today.

Closures are as yet small in number, but redundancies are increasing. Only five companies have shut permanently in the first quarter of this year at a cost of 150 jobs. But a further 38 are in trouble and have notified the Manpower Services Commission that they are making 1,925 employees redundant.

Wolverhampton, often referred to as the capital of the Black Country, had 10,736 unemployed at the last count. That is an unemployment rate of 7.4 per cent compared with 6.2 for the country.

On Friday GKN Sankey announced plans to close an old established factory in Wolverhampton with the loss of 141 jobs, and a further 139 employees will be made redundant

at a second plant a few miles away at Bilston.

There are exceptions to this dismal picture, however, and the Brickhouse Dudley group at Tipton, could point the way ahead.

In 1962 two local men, Mr Jack Goodridge, an accountant, and Mr Ralph Godfrey, an entrepreneur with a little money looking for a nice return, bought the old family foundry of Brickhouse, West Bromwich.

With only 35 employees it was one of many small foundries casting manhole covers and gratings for drainage and sewage works. But with the construction industry struggling to keep pace with demand for new houses, offices, factories and roads, the future for manhole covers and allied products was crying out for mechanized, volume production.

In 1968 Brickhouse merged with a local rival, Dudley and Dowell of Cradley. Overnight the new combine became the biggest producer of manhole covers and gratings in the United Kingdom. Its prospects were promising and it went public almost immediately.

More companies were acquired, but in addition to the growth and automation of its manufacturing capacity Brickhouse Dudley also took another significant step. It began to build up a country-wide network of distribution points, selling not only Brickhouse castings but a wide range of pipes and fittings produced by other people.

By 1975 the group dominated the United Kingdom market. But a position of dominance created problems. Where do you go from there?

That was when Mr Richard

Graves, the chairman, joined the company as its first managing director. He had no experience of the foundry or construction industries. But he did have a bit about export from his seven years with R. Royce Motors, much of it in building up the American dealer network.

More recently as chief executive in the United Kingdom Jensen Motors, he had administered a company which primarily export orientated. But how do you ship chunks of cast-iron over distances and still make acceptable profits? You take them to markets where demand is being and where there is no indigenous production.

For Mr Graves that meant the Middle East, and in particular the Gulf States and Saudi Arabia where the biggest construction boom ever was getting under way.

From £680,000 in 1975 Brickhouse's export turnover has reached over £5m a year, accounts for nearly 20 per cent of its business. It is hardly surprising that an export group of that impressive dimension has just won the Queen's Award for Industry.

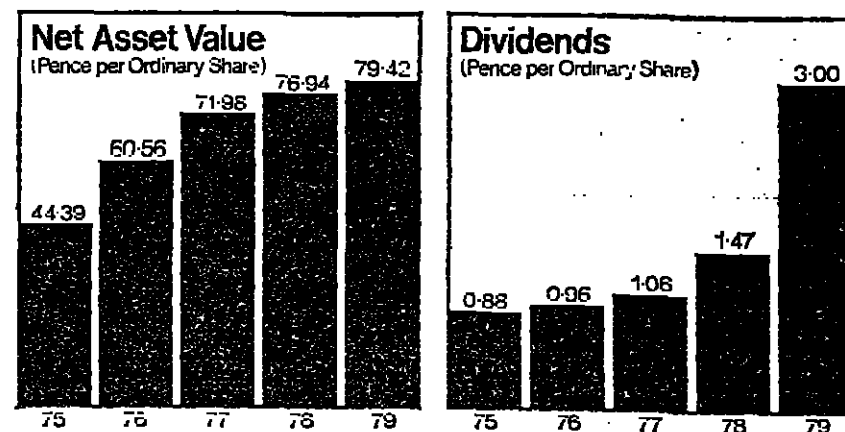
But Brickhouse is also turning to new fields. Graves said: "Finding new markets for our products is becoming more and more difficult. We now have something to sell—our expertise in manhole foundry and allied products—overseas markets."

That could be the way ahead for many of his Black Country neighbours who have shied away from exports because of the expense and time involved in pioneering overseas markets.

Clifford We

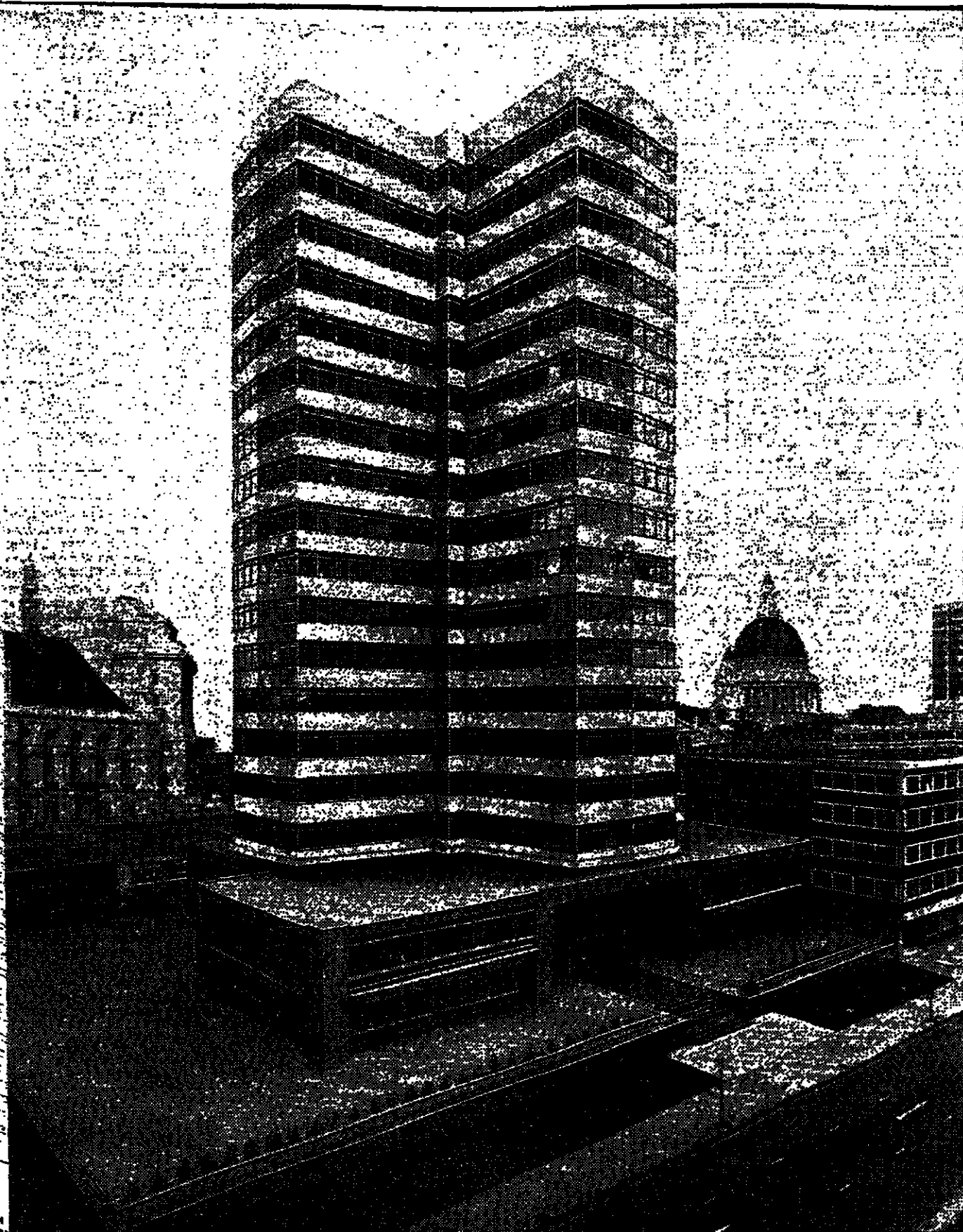
J.B. Holdings

The Johnston Group of Companies

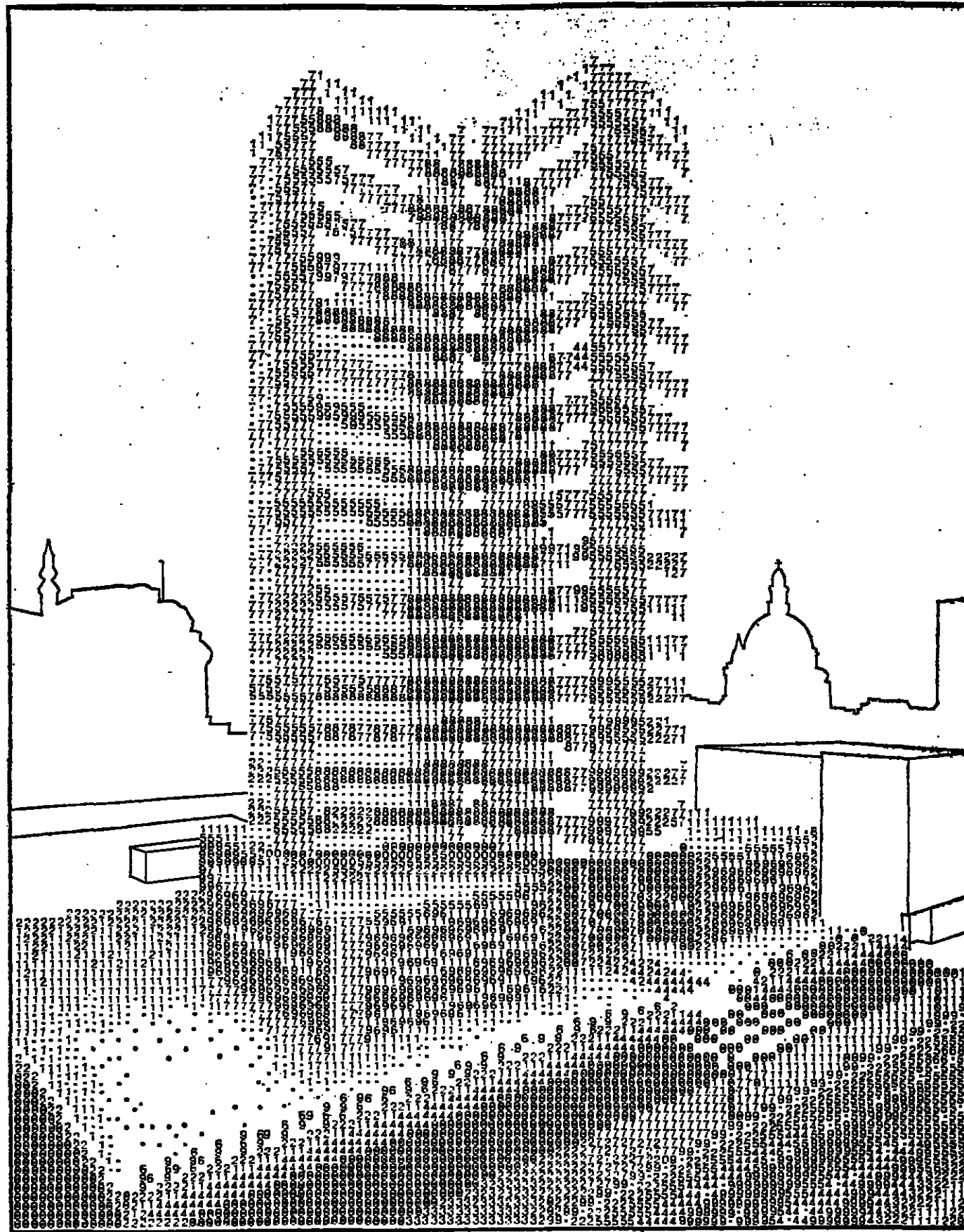


- * Road suction cleaners, hydraulics and garage operators.
- * Civil engineering, industrial building, road maintenance.
- * Roadstone quarries, concrete and g.r.p. pipes.

Copies of the Annual Report and Accounts may be obtained from the Registrar, Midland Bank Limited, Registrar's Department, Courtwood House, Silver Street Head, Sheffield S1 3RD.



Future redemption yield 12.1%.



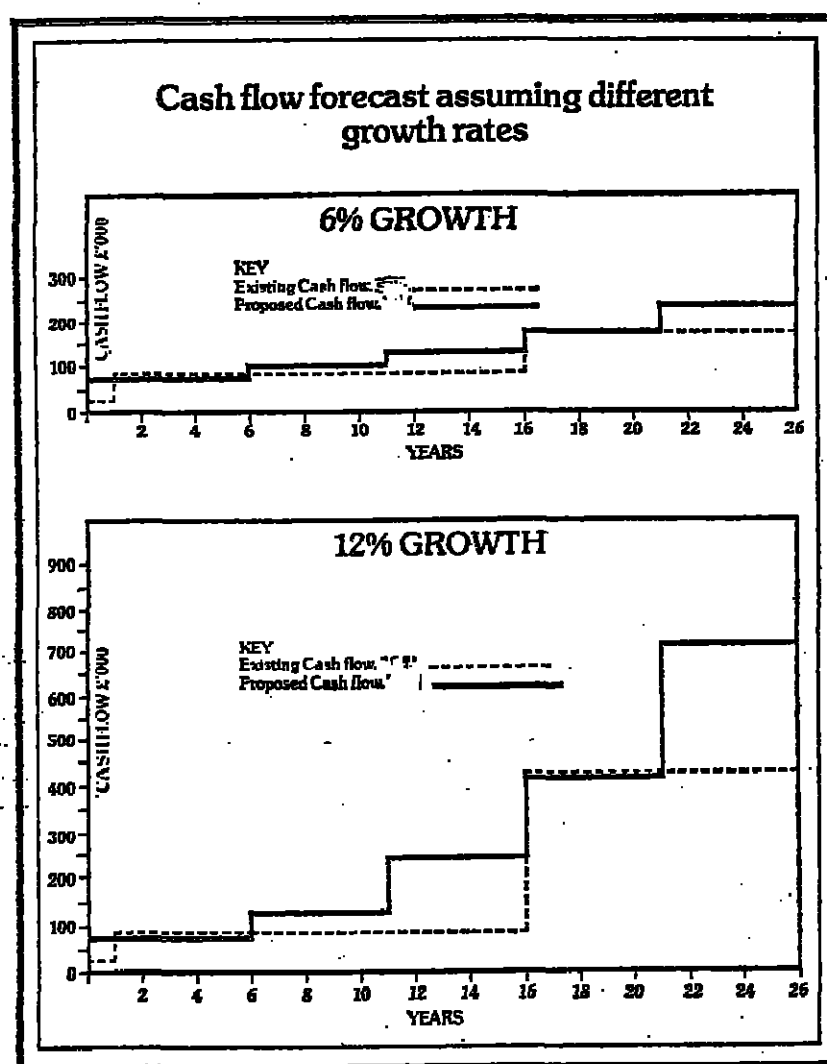
Future redemption yield 14.5%.

How to turn a problem property into a profitable one.

Increasingly, it is being found by the more sophisticated property investors that one of the most fertile grounds for improving a Fund's future performance lies within its existing property portfolio.

Considerable extensions of the conventional "marriage value" techniques have recently been made possible by the establishment of comprehensive methods of analysis and computer modelling techniques.

These computer models can be set up to examine either an individual property or a portfolio, and can enable the portfolio manager to consider the implications of an unlimited number of variables, almost instantly, and with full discounted cash flow calculations in each case. These techniques substantially increase the ability of the portfolio manager to examine alternative courses of action and effect an improvement in overall performance of the existing portfolio.



Our techniques are, of course, particularly appropriate to the more complicated property problems where manually operated systems become too cumbersome to be effective. For example, we are able to examine an intermediary head leasehold interest in a multi-let building with unfavourable rent review provisions, and can quickly portray the implication of renegotiation, and establish the full extent of the "marriage value", both in capital terms and the effect on the long term income potential, assuming a researched future growth rate.

We will be pleased to discuss the techniques that we have developed with you. For more information about our portfolio management services please contact Mike Stephens or Iain Reid at Richard Ellis, 64 Cornhill, London EC3V 3PS. Tel: 01-283 3090.

Richard Ellis
Chartered Surveyors

MANAGEMENT

The chemistry of selling expertise overseas

With more and more under-developed countries setting up their own basic industries, it is clearly sensible for British companies wanting to sell in these areas to concentrate on providing expertise, rather than the basic product itself. This is a course that has already been taken by Fosroc Construction Chemicals.

Fosroc Construction Chemicals is the fastest growing part of Fosroc Minet, a group with a turnover comfortably in excess of £200m and a plethora of subsidiaries supplying specialist products to the metallurgical and building and construction industries.

Fosroc Construction Chemicals is part of the division servicing the building and construction industries, and is essentially engaged in producing specialist chemicals for addition to concrete, surface treatment, grouts, repair compounds, joint sealants and the like.

With such a product range, those fast developing parts of the world where there is a high level of new building are an obvious market, and under the direction of Dr David Belford, who joined Fosroc in 1972, the company has gone all out to make its presence in these markets felt.

It has done so by means which ought to be an object lesson for other companies tackling such difficult—and

potentially lucrative—markets. Fosroc Construction Chemicals runs a central research facility at Leighton Buzzard, to which potentially difficult problems can be referred and from which the quality of the products that the company supplies by way of its local manufacturing subsidiaries is monitored. Essentially, however, the problem-solving capacity is locally based, by way of young, technically qualified staff, attached to the local manufacturing company or distributor.

Fosroc Construction Chemicals tackles a new market by first setting up a distributorship for its products and providing a locally-based research man. The latter will probably have been seconded from the central research facility after a year or two of postgraduate experience on the sort of problems that are referred to it.

The distributor and the local man are expected to cope with most of the problems thrown up by local customers, who might be anything from indigenous building companies to multinational construction groups at work on big civil engineering contracts.

When the level of business builds up to a point that justifies it, Fosroc Construction Chemicals will start up a local company with local manufacturing facilities. Where pos-

sible, this is grafted on to existing plant belonging to other Fosroc Minet subsidiaries, but in some parts of the world—like the Middle East and the Far East, for instance—it has meant going in cold.

However, since the business of the group is essentially a matter of adding ingredients to local materials, the capital outlay is fairly small and the financial risk correspondingly slight. The value of the service lies in having a man on the spot or as near as possible, who knows exactly what he is doing. Fosroc has no difficulty in finding the men. On the contrary, it appears that the bashful young research student, still nervous at the prospect of confronting the real world after a few years in the seclusion of a central research facility, no sooner finds himself dependent on his own initiative and commonsense in the deserts of Saudi Arabia or the forests of the Philippines, than he develops unexpected talents—and quite often unexpected talents for selling.

Contrary to the normal experience with expatriates and with expatriates, Fosroc Construction Chemicals has only had a handful of failures since the company first set out to make its mark in overseas markets in 1974. This may be partly because its knowledge is constantly being updated by construction Chemicals being un-



Dr David Belford: starting point is expert dealing with the customers.

usual in having highly qualified men in various inaccessible places which its competitors service only by way of an expert visiting by helicopter.

It may be partly because the company sends out its men young, before they have had time to establish ties at home—in fact, a married man with very young children who will never leave home is not considered an attractive candi-

date for a posting abroad. And it may be because the company is expanding so fast that anyone who shows a capacity for coping with the demands made at a fairly junior level is likely to find himself promoted quickly to a position of area responsibility.

Though there are still large areas of the world—Australia, for instance, and central and north Africa, with the exception of Egypt, where the company is at present setting up a subsidiary—where Fosroc Construction Chemicals is not yet represented, this rate of geographical expansion cannot be expected to continue indefinitely.

Product development, however, continues apace, with the invention of items ranging from quick-setting roof supports for mines, to self-leveling flooring screeds. Here, again, however, it is the experts dealing with the customers who provide a starting point. They have the skill to identify and understand the problems, even if it needs the central research facility to come up with a solution.

Dr Belford holds to the old theory that invention is 10 per cent inspiration and 90 per cent perspiration. As in all the great commercial success stories, however, the inspiration comes from the men who recognize the need, rather than those who eventually provide the answer.

Adrienne Gleeson

Celebrating with scholarships

This week Tysack and Partners, the management recruitment specialists, celebrate their coming of age with a party at the Hyde Park Hotel and the announcement that they are about to endow two scholarships. These are designed (not necessarily exclusively) for engineers and scientists a few years into their careers, who wish to broaden their experience but cannot persuade their employers to back them in the attempt.

Tysack is to contribute enough to cover tuition fees and living expenses for two MBA (Master of Business Administration) students, one on the two year course at Manchester and one on the one-year course at Cran-

field. Behind the scholarships (which will be named after the firm's founder, John Tysack, who died last year) lies the hope that the students will go back into manufacturing industry; but also that they will go back with broader horizons, a wider range of expertise and a much better hope of rising to the higher echelons of management.

Tysack was founded in 1959 and is now—after a spell under the aegis of Henderson Administration—owned and managed by its own employee trust and by the 19 partners.

In most multi-product businesses, many of the costs are "overheads"—that is they cannot be related to any single product except by using some suitable formula of apportionment. As accountants in industry know very well, different formulae are often needed for different purposes—for departmental accounts, for stock valuation, for pricing decisions, for investment decisions.

The accountant's skill lies, not in producing one answer which represents absolute truth, but in selecting for each problem the relevant figures which enable the management of his company to make the best business decisions.

How then is this necessary freedom to be reflected in the wider field of company accountants? Should each company be allowed to use the formulae which seem to it to be most apposite to its own business? Or must all companies conform to imposed formulae, in the name of standardisation and comparability? Even then, will the results be truly comparable? And if there is a continual tinkering with the formulae, in search of perfection, will this not destroy the value of the equally important comparison between a company's own past record?

Clearly, it is in the interests of the users of accounts that there should be a measure of standardisation, and that that measure should be limited to the scope for unscrupulous directors to manipulate figures for their own ends. But it should be understood that no standard formulae, no simple two-dimensional document, could ever reveal the whole truth about the complex, multi-dimensional kaleidoscope which is our business world.

David Arthur

The author is a partner in the accountancy firm of Thomson McLintock.

available from the Publications Department, Institute of Chartered Accountants, 11, Moorgate Place, London EC2.

Small self-administered pension schemes: a one day conference on tax advantages is to be given by European Study Conferences at the Cumberland Hotel, London, June 18. Details from Mrs Anna D'Alton (telephone 057 282 2711).

Production management and human behaviour: a five day seminar starting June 30 at Brunel University. Topics include work groups, leadership, job design, organization and control. Details from The Secretary, The Management Programme, Brunel University, Uxbridge.

Asking too much of the accountant

The search for a perfect set of company accounts is, perhaps, not a subject on which we can expect the man on the Clapham omnibus to have a very deep understanding. If, however, he reads the business pages of his newspaper, he will almost certainly by now have absorbed the message that the present state of company accounts is unsatisfactory and that the accountancy profession has been very dilatory in producing an answer to the problem.

For some 30 years now the profession has been working steadily to improve accounting standards. But perhaps it should also have been devoting more resources to the task of explaining why there never can be a wholly satisfactory end to this quest.

Those who influence public opinion have created the expectation that, if only accountants were cleverer or tried harder, they could produce a single simple set of accounts which would meet the needs of all users—investors, analysts, directors, managers, staff, workers, customers, suppliers, bankers and everyone else who could conceivably be interested in a company's financial statistics.

These accounts would, of course, answer all questions about past performance, and enable predictions to be made about future results and share values. Valid comparisons could be made with earlier figures and with the accounts of all other companies no matter what business they are in, the countries they operate in, their financial structure, or the particular problems they face.

Above all, the accounts would be simple enough for everyone to understand. They would avoid all accountant's jargon. They would contain all explanations, and they would be of course be brief and digestible—preferably not more than four pages.

The bitter irony of the last paragraph is that every one of these requirements represents somebody's expectation. These are the demands which, in countless articles and speeches, have been made of the accountancy profession. It is high time that there was a sustained effort to put across the message, stated clearly enough in 1975 in a discussion paper at the Corporate Report, that these demands cannot all be met simultaneously in one set of accounts.

Nor is it merely a matter of detail. One could, fairly easily, produce accounts in two or three versions—the standard version for normal use, an abridged version for those who found the standard form too difficult, and an extended version for use by the sophisticated analyst. After all, some companies, with their complex statements already going part way towards this solution although they do not always avoid the accusation that the simpler version is concealing something from its readers.

A far greater problem is that there are always so many different ways of calculating and assembling the figures. In theory, perhaps, it would be possible for a common set of very wise, wise accountants, economists and representatives of all the business world—to devise the perfect set of accounting formulae. Indeed, April were almost 30 per cent lower than in same month last year. Company secretaries: a two-day conference on the effects of new legislation, standards and practices on the work of the company secretary is being given by European Study Conferences. On June 18 delegates will meet at the Park Lane Hotel, London W1, and on June 25 at the Stratfield Hotel, London W1. The fee is £90 per day (plus VAT), or £160 (plus VAT) for the two days. Details from Mrs Anna D'Alton (telephone 057 282 2711).

Management skills for super-



Mr Fred Tuckman.

out for, to push, to do or to resist". So far, however, it is mainly the organizations representing small companies which are being invited to participate, rather than small companies themselves. But that should not deter those who have strong views about what the Community should be doing.

Mr Tuckman can be reached, in the intervals of his commuting between Leicester, Frankfurt and Strasbourg, at 6 Cumberland Road, Barnes, London SW13, telephone 878 7424 (or his assistants Mrs Audrey Gehr, on 01-876 9365 or Edward Scott, on 01-222 3955).

behind with £18,000 including bonus and commission. The norm among top earners in 16 different industrial sectors was between £11,000 and £17,000 a year, with the lowest paid in this group in mechanical engineering and metal goods (£10,250-£10,500 a year).

But median salaries were much lower—with bonus and commission about £7,000-£7,800 in food, drink and tobacco, engineering (including mechanical and metal manufacture), textiles, footwear, paper, printing, publishing, chemicals and oil, agriculture and fish, timber and furniture, distribution and vehicles.

The survey says that the average salesman, aged 37 years, has a basic salary of £6,250 plus 17 per cent in bonus and commission. He is usually an area manager, working largely from an office at home.

The average marketing manager earns £7,685 a year, while the average export sales manager earns £7,645, compared with the average sales engineer's £6,825 and the average company director's £8,750.

The 80-page survey—claimed to be "the most detailed set of data available on remuneration in selling in the United Kingdom today"—also looks at expense allowances, frequency of calls made, hours worked per week, prospects, time spent at training courses, conferences, exhibitions and overseas visits.

Mr John Fenton, past director-general of the ISM, said that the survey provided salesmen with everything they needed to know about their own market value and prospects, and company managements with data for planning their sales force strategies, particularly in relation to recruitment and employment policy planning.

The survey has been welcomed by the Centre for Employment Studies, which is engaged in research on employment trends and salaries in the white collar sector and the growth of white collar unionization.

Bob Crew

Champion of small companies

Small businesses with strong views on the workings of the European Economic Community—or their absence—should get in touch with Mr Fred Tuckman, who is a member of the European Parliament for the Leicester division.

Mr Tuckman's own background is rather bigger business and management consultancy in Germany, but he is keenly interested in the problems and potential of the smaller sector. He is at present organizing a conference on the relationship between small companies and the Community. The conference is to be held at the Café Royal in London on July 3. It will be somewhat unusual in that, besides contributions from Community luminaries and others on the role of the small company, participants themselves are being invited to make their views known. Mr Tuckman says that the conference represents an attempt to find out "what small business wants members of the European Parliament to watch

Where the salesmen earn their money

People who want to get ahead in a sales career should join a small company employing fewer than 50 people, because it "tends to pay more than anyone else". This is the finding of the 1979 Sales Management Salary and Benefit Survey recently published by the Institute of Sales Management in Leamington Spa.

The ISM survey examined 1,000 of its 16,000 members in 18 different sales job functions. They were put in the categories of selling activity, industrial sector, age and length of service, company size and company car. It found that the bigger the company in which a salesman worked, the smaller his

The ISM argues that if it were a trade union its 1979 survey would 'provide enough ammunition to make a miner's initial pay claim look like a charity act'

salary: "If he is employed in a company with a turnover of less than £2m he could earn more than if he were employed in a company with a turnover in excess of £6m."

The ISM argues that, if it were a trade union, its 1979 survey would "provide enough ammunition to make a miner's initial pay claim look like a charity act".

The survey claims that banking and insurance salesmen are top of the salary league, earning up to £22,000 a year with bonus and commission. Timber and furniture salesmen came close

CHECKLIST

Royal Assent: Royal Assent was given last week to the following bills: Iran (Temporary Powers) and Import of Live Fish, England, Wales and Isle of Wight. Prime rate: cut from 17 1/2 to 16 1/2 per cent by one leading United States bank last week. Tax certificates: rate of interest on certificates of tax deposited, used in payment of tax, was cut from 17 1/2 per cent on May 12. Safety at sea: 1974 International Convention for the Safety of Life at Sea will come into force on May 25. New cars: registrations in

LETTERS TO THE EDITOR

Building societies' interest rate policy

From the Chief General Manager of the Abbey National Building Society

Sir, Hugh Stephenson (May 13) is probably right that Nigel Lawson's address to the Building Societies' Conference last week "needs more scrutiny" than it has so far received. His own interpretation prompted him immediately into defence of any more commercial moves coming from societies and he sampled him out on attack upon them instead on more familiar grounds.

Mr Lawson's main theme as I saw it, was that as long as societies keep to and further develop their proper role it is for them to decide how best to achieve their objectives. But if for that they embark upon new policies with impact upon other sectors, then they should understand that Government would have to look afresh at the scope for controls over them. This, surely, is a basic truth.

Much has been said recently

on the prospect of societies seeking to operate on "market-clearing" interest rates. I cannot see that ever happening. I believe societies must show more imagination and adventure in attracting all the funds they reasonably need for their task, but they must employ interest rates varied to suit the whole spectrum of housing needs, from top to bottom. The rates they pay investors must be fairly related to market rates generally for similar investments, but also reflective of the excellent service, security, and sheer simplicity that the societies offer.

I term Mr Lawson neither friend nor enemy, but do let us ensure his words are taken in fair context. Yours faithfully, C. E. I. THORNTON, Chief General Manager, Abbey National Building Society, Abbey House, Baker Street, London NW1 6XL.

Outcry over imports

From Mr N. A. Bilitch Sir, I think that ever ceases to puzzle those of us who believe that one of God's greatest blessings to mankind is the freedom of the marketplace, is that when foreigners approach these shores bearing with them a veritable outcry that the Government should resist this desirable trend.

Britain, it is straight-facedly alleged, is being rendered to the ranks of the poorer nations by the inflow of cheap textiles, television sets, paper, wooden doors, motor cars, commercial vehicles, cutlery and any other manufactured product inefficient or inept domestic producers resent having to compete against.

It is not only some wooden-headed trades unionist carrying favour with the rank and file who yells "unfair", "respectable" members of the CBI and the Institute of Directors will be found in the industrial chorus crying "foul" or "unfair".

I suppose that what we disciples of the market place have overlooked, is that the axiom that the prime purpose of all production is consumption no longer applies. Holy economic writ these days subscribes to the doctrine that consumers are parasites who, in buying

foreign, put honest British producers out of business. How these "unacceptable" cheap imports are paid for is rarely, if ever, explained. Apparently we are importing too much and exporting too little. Who, pray, pays the difference?

Some naive correspondents to *The Times* seem to think that if only the Merchandise Trade Commission were properly enforced (or updated) so that we might clearly know from whence the goods we buy came, our inclination would be to buy the more expensive British product, and that this would somehow reverse the flow of imports. Who is going to pay a higher price for a British car he is dissatisfied with and frequently cannot get, when an obnoxious Italian, French or Japanese one is ready for delivery at less cost—and frequently less trouble?

In the cost of living in Britain so low that we can afford to reject cheap imports so as to favour a more expensive home produced article? Because putting a curb on imports will do just that—and a lot more! Yours faithfully, N. A. BILITCH, N. A. Bilitch, 177 Vauxhall Bridge Road, London, SW1.

Dealing with unsolicited letters

From Mr David Gordon Sir, Eureka, I have found a way of hitting back at the persistent senders of unsolicited advertising mail and reduced my incoming mail by almost 25 per cent.

Remember to vary your envelope and writing. American Express, Barclaycard, Access—beware, the counter offensive has begun! Yours in Joy, DAVID GORDON, David Gordon & Co., 35/37, Weston Chambers, Weston Road, Southend-on-Sea, Essex S51 1AU.

Note: It may take perhaps two or three shots, but he will soon get tired of his wife complaining of having to pay postman.

Remember to vary your envelope and writing. American Express, Barclaycard, Access—beware, the counter offensive has begun! Yours in Joy, DAVID GORDON, David Gordon & Co., 35/37, Weston Chambers, Weston Road, Southend-on-Sea, Essex S51 1AU.

UNION MINIERE S.A.

Registered Office: Rue de la Chancellerie, 1-1000 Brussels, Trade Register No. 13377 Brussels—VAT No. 102935129. Co-ordinated Statutes have been published in the annexes of the "Moniteur Belge" on March 23, 1968 and April 4, 1968.

BALANCE SHEET AT 31 DECEMBER 1979 (in thousands BF)							
ASSETS		31.12.79	31.12.78	LIABILITIES		31.12.79	31.12.78
I. Fixed assets		91,418	85,246	I. Capital		3,000,000	3,000,000
A. Land and buildings		31,418	30,246	B. Reserves		880,000	880,000
B. Furniture, fixtures and sundries		7,779	14,905	C. Capital reserves not subject to taxation		52,839	49,877
F. Other fixed assets		2,907	5,093	D. Reserve available for distribution		11,328,663	11,328,663
IV. Long-term investments		89,122	75,304	IV. Profit carried forward		22,300,763	22,300,763
1. Shares and other portfolio investments				V. Sales on revaluation		50,538	52,817
A. Shares in related companies		7,786,257	7,964,700	VI. Provisions for losses and expenses		516,223	516,223
1. Group companies		2,199,644	2,199,644	VII. Long-term liabilities (other than one year)		995,207	995,207
2. Associated companies		3,587,613	3,765,056	A. Shareholders' loan			
3. Other associated companies		337,977	50,004	B. Short-term liabilities (one year and less)		12,491	12,491
11,327,608		11,079,671		C. Provisions arising from goods and services		36,417	84,539
B. Shares in other companies with which there is a shareholding link		508,561	975,262	D. Tax debts and provisions, social security, salaries and wages		133,227	130,854
C. Other portfolio investments		76,689	76,119	E. Other loans and guarantees		919,781	919,781
1. Shares				G. Other provisions			
2. Other long-term investments				X. Revaluation accounts		1,109,226	1,109,226
A. Receivables from related companies		—	12,182			3,896	77,028
1. From group companies		—	—				
2. From equivalent companies		1,241	62,241				
3. From other associated companies		141,852	144,892				
148,224		211,208					
B. Receivables from other companies with which there is a shareholding link		87,376	82,441				
C. Other receivable deposits and guarantees		1,652	1,949				
		228,458	236,828				
V. Long-term receivables (other than one year)		162,458	228,458				
B. Other receivables							
VI. Stocks		416,436	1,240,610				
A. Metals and other products							
VII. Short-term receivables (one year and less)							
A. Arising from deliveries of goods or services		99,889	96,106				
B. Other receivables		3,221,216	4,547,091				
5,381,387		4,742,199					
VIII. Short-term deposits		4,201,307	4,092,000				
IX. Cash		197,000	20,000				
X. Revaluation accounts		1,109,226	1,109,226				
Total		22,000,144	22,000,144				
1979 PROFIT AND LOSS ACCOUNT (in thousands BF)							
EXPENSES		1979	1978	REVENUE		1979	1978
I. Trading account				I. Trading account			
A. Goods, raw materials, consumable materials and supplies		—	40,700	B. Turnover		2,713,086	1,188,590
1. Purchases		—	40,700	C. Movement of goods in progress, finished goods scrap and work in progress (increase +, decrease -)		- 267,374	- 267,374
2. Purchases and deliveries		508,561	508,561	D. Other operating revenue		45,018	38,985
3. Costs brought forward (+), costs to carry forward (-)		—	—				
461,884		524,563					
C. Personnel		728,262	712,262				
D. Depreciation, amortisation, write-downs and provisions		9,889	9,889				
1. Depreciation and amortisation		9,889	9,889				
2. Provisions for losses and expenses (appropriation +, disposal -)		—	—				
26,225		26,225					
E. Other operating expenses		1,485,224	1,485,224	Sales and services		1,881,116	1,240,610
Cost of sales and services		1,485,224	1,485,224				
II. Financial items				II. Financial items			
A. Long-term debt expenses				A. Revenue from long-term investments		306,548	995,207
1. Interest		879	879	B. Revenue from other debts, short-term investments and current assets		741,923	680,000
2. Short-term debt charges (one year and less)		7,082	4,584	C. Other financial revenue		54,300	20,000
C. Short-term debt charges (one year and less)							
1. Write-downs on investments, long-term debts, short-term investments							
— Amortisation of exploration and prospecting expenses		121,593	121,593				
— Write-down on investments		821,578	817,320				
— Write-down on receivables		1,142	6,914				
823,744		945,827					
2. Miscellaneous financial charges		22,000	22,000				
Financial charges		844,988	702,317	Financial revenue		1,102,669	977,907
III. Exceptional items				III. Exceptional items			
A. Depreciation, amortisation, write-downs and provisions for losses and expenses				A. Depreciation, amortisation, write-downs and provisions for losses and expenses			
1. Write-downs in value		121,771	5,718	B. Amounts written back on other assets		58,228	92,780
2. Provisions for losses and expenses		821,578	817,320	C. Other provisions for losses and expenses		17,176	17,176
169,712		823,038		D. Profit on disposal of fixed assets		26,225	178,979
B. Losses on disposal of fixed assets		169,712	178,979	E. Other exceptional revenue		—	—
C. Other exceptional charges		4,053	11,099				
Transfer to reserve that subject to taxation		273,895	7,230	Exceptional revenue		164,363	200,954
Exceptional charges							
IV. Results of the accounting period				IV. Results of the accounting period			
A. Profit of the period		568,887	479,596	A. Profit of the period		568,887	479,596
Total		3,044,794	3,044,794	Total		3,044,794	3,044,794
Appropriation of results				Appropriation of results			
A. Profit to be carried forward		38,538	38,538	A. Profit subject to appropriation		—	—
B. Dividends to shareholders		691,008	424,320	1. Result of the period		625,887	479,596
C. Other appropriations		20,113	14,254	2. Result brought forward		—	—
Total		719,659	517,112	Total		719,659	517,112
A report on the Annual General Meeting that will take place in Brussels on May 23, 1980 will be published in this newspaper.							
Union Miniere - Public Relations Service Ph. 5136693 Telex: 3131 UNI							

BY THE FINANCIAL EDITOR

Why pension funds should take heed

Pension funds have now had two years of space since the Wilson Committee isolated them as a suitable case for treatment. Far from using the time to agree some elementary reforms to disarm the attacks, the funds have sat back in the hope the attacks would quietly fade away or the Conservative Government would a deaf ear to the Wilson Report's recommendations.

It has been a mistake, misjudging the need for greater disclosure and accountability that has already brought to heel the City. Pension funds have been regarded as such a powerful force in the financial system during the 1970s, largely because of inflation which pushed up cash from employee contributions to such an extent that many of them have been able to operate behind closed doors. Last week's meeting of pension fund members in Brighton showed that there were enough backwoodsmen around, who would believe that a pension fund is no more than a private agreement between employees and their employer which the law has no right to know about, and that reforms of any kind are an uphill task. It was all the same possible to detect an recurrent of what could just pass as a respite from the view from the other side.

It seems likely that the National Association of Pension Funds will soon be asked to set up a committee of occupational fund schemes to establish actuarial accounting standards for the performance of funds.

It will take time and the difficulty of the F Council appears to have had in drawing up a relatively straightforward code of practice for the disclosure of information, and the groundswell of opinion to even that in Brighton last week suggests that it will be years before disclosure standards of pension funds brought into line with other financial institutions.

At least the code of practice has made headway in requiring funds to produce annual audited reports, an actuarial and general information about the investment of assets. But on the more active issues of accounting standards, relationship between trustees and fund managers, controls over self-investment, pension funds have remained silent.

It is a moot point whether the peak has now passed, but for the longer term there will be inflows from the rather larger investments being made abroad.

The surplus on traditional services such as shipping, travel, civil aviation and financial services has been steady at close to £3,000m. If the recession spreads and the pound stays strong then the surplus is not likely to rise very fast, if at all, in the immediate future.

The removal of exchange controls—which has led to a £2,000m outflow in the first six months—and the payments of dividends to foreign companies could bring Britain into deficit on interest, profits and dividends. Last year it fell from £1,000m to £200m.

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Only through improved reporting can the world at large be convinced that pension funds are being managed well. Unless there is some urgent action here the funds could well find that legislation to fill this vacuum—after a major scandal like the *News Chronicle* fiasco a few years ago when the fund could not meet its liabilities because it was overinvested in the collapsed newspaper—will include a measure of direction as well.

Invisible earnings Changing patterns

Traditionally Britain's visible trade deficits have been offset to a large extent by earnings on invisibles, the positive balance of trade in such things as shipping, aviation, tourism, income from abroad and financial services.

That picture is now beginning to change partly because remittances from North Sea oil by foreign companies and the strong pound make it more difficult to make money on the traditional exports of invisibles.

If government transfers, which now include EEC payments are included then the situation does begin to look worrying. Although even if the balance of invisible trade is declining in real terms, it is likely to stay in healthy surplus for the foreseeable future—excluding, that is, government payments.

Last year the net surplus on invisible trade, excluding government transfers, was down from £5,316m to £4,113m, a fall of nearly 23 per cent in money terms and of more than 40 per cent in real terms. The net government transfers, including EEC payments, aid abroad and defence, amounted to £3,238m.

Two problems arise from this. One is that if the government transfers keep on rising and invisible trade suffers further setbacks, then the overall picture will soon turn Britain into deficit position, but hardly because of the private and public corporate sectors. The second problem is that the pattern of the invisibles business is changing.

The surplus on traditional services such as shipping, travel, civil aviation and financial services has been steady at close to £3,000m. If the recession spreads and the pound stays strong then the surplus is not likely to rise very fast, if at all, in the immediate future.

The removal of exchange controls—which has led to a £2,000m outflow in the first six months—and the payments of dividends to foreign companies could bring Britain into deficit on interest, profits and dividends. Last year it fell from £1,000m to £200m.

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David Blake on the distortions caused by mortgage tax relief

Housing: absurdities that need to be ended

Using income to buy shares in a company or to expand a business is a much more risk-taking and entrepreneurial activity than taking out a mortgage on a house. Yet the house gets tax relief and industrial investment does not, while the income from the industrial investment is subject to tax and the benefits of owning a house are not.

The way we pay for our housing has become a no-go area for economists. Anyone who looks at all closely at the mess of rent subsidies, grants and tax reliefs which have built up over the years can see that there is no underlying logic to them.

But politicians and economists alike have taken the view that, although the system is absurd, there is no real hope of changing it, because the problems of trying to do so are immense.

That view is going to have to change over the next three years if the Government is serious about its public expenditure plans. Those plans call for a reduction in public expenditure on housing of about £2,500m in constant prices over the next four years, which means halving the public sector's total commitment.

We do not yet know how the Government intends to achieve those cuts; indeed, they say they do not yet know themselves. But it seems certain that most of the savings will have to come from a reduction in the level of subsidies for council rents.

The planned savings are almost exactly equal in size to the current level of subsidies on council housing. But simply to run down the level of those subsidies without carrying out a much deeper examination of all the forms of assistance which the Government gives to the housing market would be simply to re-run the mistakes of the 1972 Housing Finance Act. This did substantial damage to the chance of long-term reform by concentrating solely on tenants.

For although the way in which we prepare our public spending plans does not show it, there is a huge amount of subsidy by the government to owner occupiers. The interest rates which they have to pay are usually well below normal market interest rates because of the tax advantages which the building societies enjoy.

In an extraordinary example of refusing to accept the logic of its own views about the role of markets Mr Nigel Lawson, the Government's Financial Secretary to the Treasury, has put pressure on the building societies in recent weeks to force savers to subsidize house-buyers as well as having the Government do so.

By warning the building societies not to put up the rate of interest which they pay to depositors Mr Lawson is saying that interest rates—that is, the price of borrowing money—ought not to be the means of sharing out the resources available.

Can he really want an extension of the present system of queuing and arbitrary decisions by building society managers?

This is an odd position for a free market Government to take, but even odder is its refusal to look more closely at just why it is that interest rates, which are described as completely crippling for industry, are a thoughtless money-flood from people wanting to buy houses. The answer lies in the fact that the Government is prepared to pick up such a substantial part of the bill.

Tucked away on page 184 of the public spending White Paper is the fact that during the financial year 1979-80 tax relief on mortgages cost the Government £1,450m.

That figure is in fact an underestimate of the relative tax advantage enjoyed by those who buy their own homes. For owner occupiers live rent-free in their own homes. They thus do not have to pay for housing out of taxed income.

It was recognition of this which lay behind the old Schedule A income tax system, which while politically unpopular was economically sound. If the cost to the Exchequer of this lost revenue were added, the cost would more than double.

Nor is there any control over the size of this subsidy (for subsidy it is). Those elements of housing support which count of public expenditure are now subject to strict cash limits, but tax reliefs represent an open-ended commitment by the Inland Revenue to pay part of the owner-occupier's interest rate bill. If interest rates go up, so does government assistance.

No sector shows the case for looking at taxes and spending together as clearly as does housing. The result has been wholly predictable and exactly in line with what happens in other parts of the economy when preferential tax treatment is given.

Everyone knows that housing is a good way to cut down tax, so there is an incentive to spend as much as possible on buying a house. This in turn increases demand for a limited stock of houses, thus pushing up the price. In turn, this increases

pressure on the government of the day to "do something" to help the owner occupier, which gives the price spiral a new twist.

House prices have been going up faster than inflation since the war. They represent one of the very few assets which have increased in real value. When industry worries about the impact which public borrowing has on the availability of funds it would do well to remember that housing has been increasing its share of total financial resources steadily every year.

The economic nonsense which giving government tax subsidies to housing involves has long been clear. It inflates house prices and, along with pension and life assurance it has channelled investment into a tax-efficient trap which does nothing to provide funds for industry.

The absurdity was pointed out by one of Mrs Thatcher's advisers, Professor Douglas Hague, soon after the election. But he was ignored, presumably partly for political reasons and partly because she does not want anything which would increase, or appear to increase, income tax.

But abolition of mortgage interest relief does not, in itself, imply that income tax would rise. The government could use the extra revenue to cut the standard rate of tax, for example.

Using income to buy shares in a company or to expand a business is a much more risk-taking and entrepreneurial activity than taking out a mortgage on a house. Yet the house gets tax relief and industrial investment does not, while the income from the industrial investment is subject to tax and the benefits of owning the house are not.

The real argument, at least economically, is that to get rid of mortgage interest relief would damage the whole pattern of housing. People would find that they could not afford large mortgage payments any more and would be forced to sell. This would in turn lead to a collapse of house prices.

That is a valid objection if the change is made swiftly. But if the relief were phased out over a number of years the same objections would not apply. Housing would simply go up in price slightly less rapidly than it has been doing in recent years, which the Government ought to welcome.

There is another change of a more technical nature which the Government could introduce and which would certainly make it easier for everyone to see just what is going on. This would be to pay directly to building societies the money which the Government does not collect in income tax. They would then pass it on in the form of a lower mortgage rate.

This is what is now done with life assurance premiums with considerable savings in Inland Revenue manpower needed for working out codings. The assistance to house purchasers could then be considered side by side with that given to council tenants.

Cutting down subsidies for housing may be a sensible thing to do, particularly if the alternative is to abandon investment in new houses or the repair of old ones. But it is to be seen to be fair if it is to work. That means that everyone must be willing to make sacrifices.

Peter Hill

Planning a quick death for the National Enterprise Board

In spite of its now much reduced role, the National Enterprise Board, the *bête noire* of the Conservatives in opposition, has at least survived.

With the enactment of the Industry Bill within the next few weeks and the publication of the board's operational guidelines, the Government has given the kiss of continued life to the NEB under its chairman Sir Arthur Knight.

The Government, it seems, has recognized (in spite of all remarks to the contrary when it was in opposition) that perhaps it would be prudent to keep the board in being. Ostensibly, the reason for the extension of the NEB's life is to enable it to perform a catalytic role in the promotion of high technology industries, in partnership, of course, with the private sector.

But assuming that the board does continue for rather longer than some Government backbenchers would like, it will be there as a suitable convalescent home for any rescue operations which might arise.

The pragmatism adopted by Sir Knight, Joseph, the Industry Secretary, has not suited some in the Tory party who would have much preferred to have seen the pure Tory doctrine put into practice fearlessly when the Government took office. Such is Mr Michael Greville, a vice-chairman of the Tory industry committee and a vigorous and persistent questioner in the House of Commons.

With merchant banker Mr John Redwood he has written a booklet on the NEB.

ominously subtitled *A Case for Euthanasia*. It is published by the Centre for Policy Studies (founder: Mrs Thatcher and Sir Keith).

The authors began work on the project before last year's General Election, but the book remains topical and pertinent to the continuing debate on the effectiveness of the City in providing finance for industry.

Mr Nicholas Goodison, chairman of the Stock Exchange, has provided the foreword. In it he suggests that the belief that the City failed the corporate sector during the last decade was largely a myth. "What had been lacking was not the supply of funds but the demand. Industry and commerce had been (and still are) put off by too many economic uncertainties and political constraints. The alleged gap was a figment of political imagination", he says.

The NEB, he suggests, has at best been irrelevant to the country's economic problems. It had gone for symptoms and failed to attack the underlying disease.

Mr Goodison's sentiments will be of little comfort to Sir Arthur, who is beavering away attempting to establish a bridge with the City and other financial institutions in line with the instructions laid down by the Industry Secretary.

But should the new board fail in its mission Messrs Greville and Redwood have produced a plan which would ensure the dismantling of the NEB within a year. It goes as follows:

Companies such as Ferranti (already earmarked for disposal to the private sector), Twinlock and others which have a share ownership should be sold off as soon as possible.

Alfred Herbert (now denied further cash from the NEB) and Cambridge Instruments, should John Rolls-Royce and before long B.L. in the Department of Industry's own hospital wing.

As for Immos and Nexos, the semi-conductor and office automation companies, the authors recommend tough treatment. The investments should be terminated as soon as possible. Any concern about contractual commitments between the NEB and Immos could be resolved with payment of compensation—to prevent the company becoming the "ground nuts" of the 80's.

That would still leave a whole raft of companies in which the NEB had shareholdings. But that presents no problems for the authors. They advocate that the board should be set a six-month time limit to decide which of them could reasonably be vested in a small companies venture capital trust for public quotation and how many could be written off.

The board would then be free to prepare the trust for quotation and public subscription. With shareholdings in the NEB's personnel could be run down, apart from four or five executives who could transfer to the venture capital trust, and the headquarters could then be sold off.

Centre for Policy Studies, 8 Wilkes Street, London SW1: Price £2.65.

How a protection racket keeps Japan's shareholders quiet

Tokyo. Few awkward or embarrassing questions will be asked from the floor when the twice-yearly season for shareholders' meetings opens in Japan next month. In many cases no questions will be asked at all, and, in others, meetings will be wound up within five minutes.

This is not because Japanese shareholders are extremely polite, nor can Japanese companies boast of a perfect business record this year. The reason is the *Sokaiya*—Japan's unique group of strong-arm gangsters who can be hired to control or disrupt shareholders' meetings.

A survey by the Daiwa securities company last November showed that 97 per cent of the 1,705 companies listed on the Tokyo, Osaka and Nagoya stock exchanges made payments to the *Sokaiya* to control their shareholders' meetings last year.

According to a police estimate, the Japanese business world last year paid out about £250m to the *Sokaiya* ("stockholder manipulators").

If businessmen refuse to pay, gangs of hecklers, armed with embarrassing company secrets, will disrupt the next meeting

The Daiwa survey claims that as a result most companies on stock exchanges reported that stockholders' meetings last year ended within 30 minutes. Not a single question was raised from the floor at 90 per cent of the meetings.

Japanese business leaders claim they cannot afford to do without the *Sokaiya*. In essence, as these obtain a nominal number of shares in Japan's leading banks and business houses, and subsequently demand exorbitant fees from the company, if businessmen refuse to pay, gangs of hecklers, armed with embarrassing company secrets, will disrupt the next shareholders' meeting.

Alternatively, the *Sokaiya* can be hired to shout down or rough up dissenting shareholders. Vociferous shareholders are frequently surrounded by the *Sokaiya* and dragged out of meetings.

At most meetings groups of *Sokaiya* huddle round the podium, protecting the directors from awkward questions. In some cases they keep chanting *Igi nashi, Igi nashi* ("No objection, no objection") or *Sansai, sansai* ("Approved, approved").

Shareholders hardly get a word in and the previously drawn up agenda and proposals are usually rushed through within 10 or 15 minutes. Sometimes meetings finish within five minutes.

A blatant example of the power of the *Sokaiya* was when, not a single shareholder asked a question at the annual meeting of Japan's largest domestic airline, All Nippon Airways, last May.

To the outsider such goings-on look like a crude form of blackmail. But in Japan, where executives cannot afford to lose face, the *Sokaiya* have developed into a multi-million pound racket, and a force to be reckoned with.

Leading banks and business houses, including powerful and reputable companies such as the Marubeni Corporation,

Mitsui Company and the Mitsubishi Corporation have had money extorted from them, the police say.

Investigations suggest that 15 leading banks paid more than £4m last year to manipulate stockholders' meetings.

These unique groups of gangsters were first formed 100 years ago and the police estimate that today there are more than 5,200 *Sokaiya*. In general, they operate out of small apartments or offices, euphemistically calling their companies "Economic Research".

Under the terms of Japan's commercial laws businessmen are prohibited from making direct payments to the *Sokaiya* in return for controlling shareholders' meetings. But the gangsters circumvent the law. Many set up dummy consulting or publishing firms and black-mail money is usually paid out in the form of "subscriptions" or "consulting fees".

Others solicit advertisements from the companies whose names are published in a nominal number of pamphlets and "press releases" which are circulated among a few friends. Nevertheless, large companies dole out thousands of dollars for these advertisements every year.

Most of Japan's large business houses employ *Sokaiya* specialists. Their main task is to pay the gangsters and ensure that the management is not hacked at shareholders' meetings. For an extra fee the *Sokaiya* will attend the meetings and deal with troublesome shareholders.

Shortly before the traditional season for Japan's shareholders' meetings, wearing gaudy suits, usually crowd into the outer offices of company executives. They never issue a direct threat. Name cards are exchanged and the young hoodlums politely inform the executives that they have acquired stocks in the company.

Most company executives are prepared for the *Sokaiya*. Without further ado, while envelopes containing as much as £500, are handed over to each gangster and the *Sokaiya* then move on to establish another "account".

The *Sokaiya* will later feverishly out company secrets and threaten to expose directors at shareholders' meetings if they do not receive higher fees.

The police have repeatedly asked Japanese businessmen to cut ties with the gangsters. But according to a survey carried out by the Daiwa securities company, the ranks of the *Sokaiya* are swelling.

The survey showed that 52 per cent of the companies listed on the Tokyo stock exchange broadened their contacts with the gangsters last year. The majority of large corporations retain as many as 100 *Sokaiya*.

The police claim that the number of gangs has increased because they have been infiltrated by other organized crime syndicates. After a gangster legally acquires a nominal number of shares in a company, the police can do little to prevent him from operating at shareholders' meetings.

Last year the director of Japan's national police agency, Mr Seitaro Asanuma, addressed the federation of bankers' associations of Japan and urged senior executives to stop all payments to the *Sokaiya*. The speech made a slight impact at the time. Three banks in Osaka cut their contributions to the *Sokaiya* by 20 per cent.

"But it would be madness if we cut off all contributions entirely. The *Sokaiya* would stampede our next stockholders' meeting", a senior executive claimed.

Peter Hazelhurst

Business Diary profile: Sir Raymond Pennock, CBI, BICC (not retd)

Raymond Pennock will be from Wednesday's general meeting of the deration of British Industries president of this increasingly influential voice of business.

Raymond, for the past 10 years executive chairman of CBI, will succeed Sir John Greville, deputy chairman of Shell UK.

It is a crucial presidency. Sir Raymond's hand will be on an occasion both of a man who likes to retain, and others to fight, their grip. Of the two deputy directors-general, Jimmy James does not expect perhaps the call to succeed Sir John: Brian Rigby has yet to emerge as the front-runner.

Sir Raymond, who made his name as a people-manager, will be able to reassure the CBI's staff that the right DG will be found and as soon as possible. Will he have to persuade employees and members alike that they have the right president? The next six months or so provide him with the challenge and the opportunity to make a mark on the CBI, even though that of Sir John Methven himself.

The CBI staff and members know Sir Raymond: they respect and even like him. He has been a deputy president for two years. He has been chairman of the important Economic Situation Committee, which is responsible for the quarterly *Industrial Trends* survey, apart from conference the CBI's big calling card on the newspapers, radio and television.

organization, after a spectacular advance due perhaps to third- to Sir John and one-third to Margaret Thatcher, is in disarray.

FINANCIAL NEWS

Oakwood Group on its way to market

By Our Financial Staff

Sussex-based electrical construction engineer and builders' merchant Oakwood Group comes to market next month with a placing of 500,000 25p shares.

The shares, which account for 25 per cent of the group's share capital, will be placed mainly with institutional clients of brokers Capel Cure Myers at 83p a share. Of this figure 25 per cent of the shares will be placed with jobbers Wedd Duracher and Bisgood Bishop to be sold to the public.

Oakwood consists of two main operating divisions of which the first Clough Smith, specialises in electrical and civil engineering work while the second, Frank Love, is one of Britain's largest distributors of sanitaryware to builders' merchants and retail outlets.

In the full year to September 30, 1980, the group envisages pre-tax profits of £700,000 and a final dividend of 6.4p gross making a total of 9.28p and yielding 11.2 per cent.

Hammerson Property is confident

Mr Sydney Mason, chairman of the Hammerson Property and Investment Trust, strikes a confident note in his company's annual report. He expects the role of the property company to revive not only when the legislation on development land tax is amended but also when interest rates come down.

He thinks that the best results will be achieved when the role of the developer and that of the long-term institutional investor are clearly defined and separated.

Mr Mason informs his shareholders that Woolgate House, one of the group's main investments,

More share prices

The following will be added to the London and Regional Share Price List tomorrow and will be published daily in Business News.

Commercial & Industrial Hinton A. & Sons.

ments in which it has a 25 per cent stake, was valued at the end of 1979 at £75m.

The building for which Hammerson has just contracted to buy the freehold occupies 13 acres in the City and is let to Chase Manhattan Bank as the only tenant. The annual rent is £3.5m a year.

Peat, Marwick's regional plan

Peat, Marwick, Mitchell and Co., a leading City accounting firm, has appointed 10 new regional insolvency partners. Mr Guy Parsons, the executive in charge, has said that the objective is to devise a clear-cut structure of that side of the practice so that clients can deal directly with the regional insolvency partner for their area.

The aim of the operation is to optimise services to clients.

Briefly

Taylor Woodrow: Chairman says that United Kingdom construction teams have started current year in strong position with substantial order book and more broadly based operation than ever before. Many overseas companies also report an encouraging start.

Standard Telephone Co.: Sir Kenneth Corfield, chairman of STC, the ITT subsidiary which is 15 per cent owned by the British practice says a difficult year ahead. Inflation and the strong pound are squeezing profit margins but he thinks that company is strong in technology and thus well equipped to meet the challenges.

Thomas Tilling: Sir Robert Taylor, chairman, says in annual report that group is facing high inflation and lack of growth in both Britain and United States, two of the group's main business areas. He thinks that in spite of this the group's well diversified activities which include engineering, builders' merchant and construction materials and services, should result in the achievement of planned growth objectives.

M. J. Gleeson (Contractors): Turnover for the half-year to December 31 rose from £30m to £34m and pre-tax profits from £427,000 to £450,000. Interim payment raised from 1.18p to 1.26p gross.

Oil results the main talking point

This week

The continuing obsession among investors for oil shares means the City will be eagerly awaiting indications of how much contribution ICI's Ninian Field interests will now be making to overall profits as the recession begins to bite. First-quarter figures are due on Thursday.

Oil will also be the main topic of conversation tomorrow in the stock market when Shell, which announced a new gas find in the North Sea last week, also announces first-quarter profits.

Elsewhere, the stores season continues with full-year figures from Boots and Debenhams.

The week kicks off among economic indicators with the index of industrial production for March from the CSO followed tomorrow by the unemployment figures from the Department of the Environment.

On Wednesday, the CSO releases the cyclical indicators for April, with consumers' expenditure for the first quarter.

Finally, on Thursday, the CSO releases the public sector borrowing requirement for the first quarter, along with capital expenditure by the manufacturing, distributive and service industries, again for the first quarter, from the Department of Industry.

The recent boom in the oil market followed by the astronomical profit statements from some companies has meant headlines for most analysts hoping to estimate future progress.

First-quarter profits from Shell on Tuesday set estimates ranging from £700m to nearly £1,000m. Once again, stock appreciation will play a big part in the final outcome, although the increased drive into gas production will also make its presence felt.

The group is expected to benefit from recent price rises in the latter part of last year. As a result, the profit contribution from the gas side will have been boosted from last year's figure of 14 per cent of total output to about 20-25 per cent.

Returning to the oil side, profits should see another increase, mainly through further rises in the price, while production remains depressed. However, progress is expected to continue in the current year, boosted by further price rises in gas so as to bring it into line with the OPEC oil price.

Later in figures from BOC International on Wednesday are likely to reveal further problems for the group.

Estimates range from £28m to £30m compared with the corresponding figure of £32.6m. Nevertheless, profits are likely to show a slight recovery in the second quarter, but not enough to make up for the setback in the first.

Low demand and rising costs continue to present problems for the group's United Kingdom interests, while in the United States severe competition in the form of National Carbide is likely again to make its presence felt. Meanwhile, trading in Australia and South Africa remains buoyant, although it is unlikely to offset all the problems in the current year. Estimates for the full year show pre-tax profits at £68m, compared with £72.7m for the corresponding period.

First-quarter figures from ICI head the list of companies reporting on Thursday. Analysts are expecting further growth from the group's Ninian Field interests, although the remainder of the year remains clouded.

Profits this time round range from £150m to £155m compared with £141m last time. Profits from the group's Ninian Field interests should run out at roughly the £37m achieved in the last quarter of last year. Once again reduced production, resulting from technical problems will have caused more than its fair share of problems.

On the plus side, the group is expected to recoup some of the expense accumulated from the recent price increase in the price of Naphtha as the price

continues to stabilize. This should show some improvement in margins.

But looking to the full year, observers expect the continuing recession to bite. Profits for the full year are unlikely to beat last year's figure of £360m.

Finally, on Thursday, the two stores groups report full-year figures with a strong second-half performance likely to come to the rescue of Boots. Estimates are pitched at £123m compared with £113m last time. The retail side should have benefited from a reasonably good Christmas trade, while the industrial and overseas side are expected to have made an increased contribution.

The final dividend should see a 15 per cent increase over the corresponding figure of 3p gross.



Sir Gordon Hobday, chairman of Boots.

Trading in the current year has been flat, but further improvements overseas should see full-year profits of between £130m to £135m.

The story from Debenhams is likely to read a little differently. Poor trading and an average Christmas should see profits tumble from £20.6m to £17.5m.

TODAY.—Interims: Australia and New Zealand Banking, Cambrian and General Securities, Fenner (J. H.), Management Agency and Music, Ransome Hoffman Pollard and Stakis (Reo) Organisation.

Finals: Bishopsgate Tst, Cakebread Robey, El Oro Mining and Exploration, Emray, Evered and Co Hlgs, Exploration Co, Hawker, Marria, Helical Bar, Land Securities, Invest Tst, Ourch Investment Tst, Readcut Intl, Samuel (H.) and Wormalds, Walker and Atkinson.

TOMORROW.—Interims: Carr (John) Doncaster, Kelsey Inds, North American Tst Co, Northern Industrial Improvement Tst, Plaxton (Scarborough), Racton National Glass, Royal Dutch Pet (1st quarter), Shell Transport and Trading (1st quarter), K. Shoes, Williams (John) and Cardiff and Yorkshire and Lancashire Invest Tst, British Syphon Inds, External Investment Tst, Fine Art Developments, Furness Withy, Heath (C. E.), London and Northern Grp, Manchester Liners, Scott and Robertson, Shaws Investment Co and Transatlantic and General Invest.

WEDNESDAY.—Interims: Avon Rubber Co., BOC Intl, Redman Heenan Intl, Stenhouse Hlgs. and Unochrome Inds. Finals: Advance Laundries, Allied Irish Banks, Bramar Tst, Chamberlain and Hill, Dupont, Hartwell Group, London Atlantic Invest Tst, London Prudential Invest Tst, London Trust, Progressive Securities Invest Tst, Scottish European Invest, Silverthorne, Stonehill Hlgs, Toye and Co. and Whitbread Co.

THURSDAY.—Interims: Allied London Properties, Associated Engineering, Barton Transport, Centric, CI (1st quarter), Leads and District Dyers and Finishers, Morland and Co. and Scottish Invest Tst. Finals: Boots, Debenhams, Fidelity Radio, Hambro Invest Tst, Portsmouth and Sunderland Newspapers, Wm. Press, Pritchard Services Grp., Sphere Invest Tst. and Witan Invest.

FRIDAY.—Interims: Cardiff Property, Homrby and Pentland Invest Tst. Finals: Castles, Hield Bros. and Toray Inds.

Michael Clarke

Malaysian Tin's plan sets a poser for British investors

Baffled British investors who had all but abandoned Malaysian tin companies were treated to another initiative test last week when Malaysian Tin Dredging, one of the biggest producers, announced unspecified proposals for a financial re-arrangement of itself and five other firms.

To recapitulate, Malaysian Tin Dredging is proposing either a merger with, or taking a controlling stake in, Southern Malaysian Tin Dredging, Southern Kinta Consolidated, Kranti Tin Dredging, Lencer Perak Tin Dredging, and Bidor Malaya Tin.

All these companies are members of the Malaysia Mining Corporation group, though not all are owned to the same extent. Bidor is 100 per cent controlled by Tronoh Mines Malaysia, another group member.

With the exception of Bidor, every one is quoted in Kuala Lumpur, while Malaysian Tin Dredging, Southern Kinta, and Southern Malaysian Tin are listed in London. These are all suspended, MMC itself, however, is not open to investors since it is 28.65 per cent owned by Charter Consolidated and the rest is in the hands of Permas Securities, the agency of the Malaysian Federal Government.

The main problem, therefore, ever since MMC was formed in 1977, has been that investors have been obliged to pick their way between a large number of companies, either out of commission or the equivalent of a South African or London mining finance house as an easy alternative.

At the same time, political conditions in Malaysia, and the tin market, have been changing. Smaller companies are unable to pressure from state governments, as Berjuntai Tin Dredging, another MMC member, discovered last year during its somewhat strained negotiations with the authorities in Selangor.

Moreover, the Bumiputra (Malay) rules specify that

foreigners should not own more than 30 per cent of any company registered in Malaysia. The market for shares has been restricted, partly on the back of an increased volume of available domestically foreign tin companies.

The prospects for tin have also been clouded in recent years. Tin supply demand are more or less balanced at around tonnes of primary metal Malaysia, however, which duced about 28 per cent world supply, is watch production slowly fall deposits are worked grades decline.

Greater resources to de the political and financial leas have is therefore a motive behind the propo organization. The comple the cross holdings betwe

Mining

scheme companies near at present there are a advantages in transferring debt, and that cash flc be hampered by the time for dividends to filter t to the ultimate beneficiar

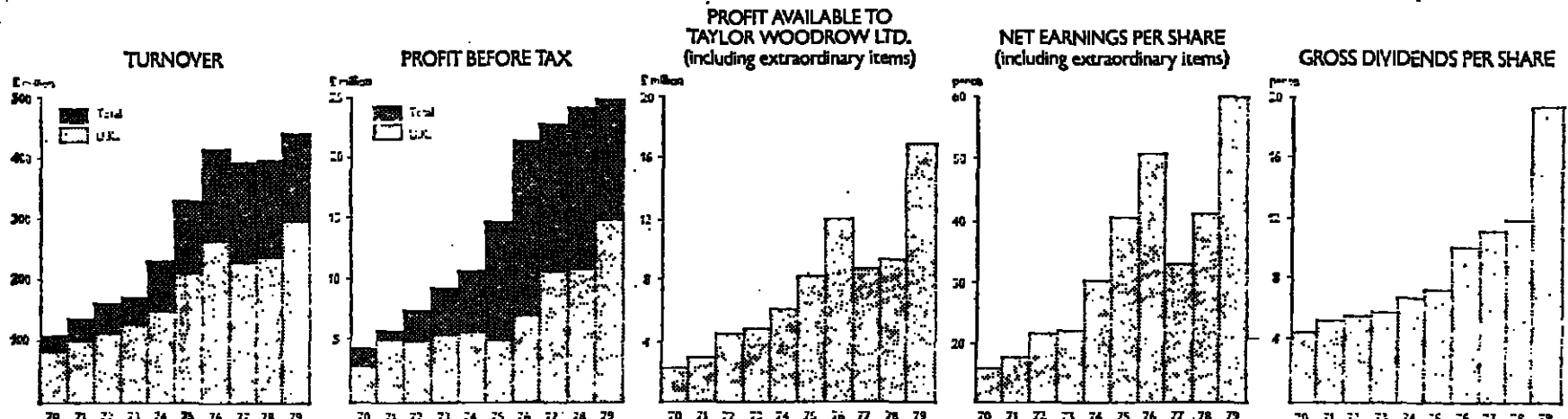
Some benefits of scale also ensue from sharin chases of stores, abe costs of dredging whic either out of commissi temporarily working t poor deposits, and as those companies such as K whose tin is close to exha in exploration.

But it remains to be whether the struct merger or effective cont Malaysian Tin Dredging, of greater interest to inv Perhaps the simplest s would be for MMC to more paper and obtain tation.

Michael

"Improved results for the nineteenth consecutive year"

Mr Dick Puttick, Chairman.



In 1979, despite widespread strikes and industrial unrest in the UK, and the worst winter for 30 years, our results are not unsatisfactory and show improvement for the nineteenth consecutive year.

During the year the limitation on capital expenditure in the public and private sectors continued and thus restricted the volume of new construction work available in this country. Nevertheless we secured a substantial amount of building work here.

We increased our investment and participation in the production and marketing of opencast coal in the United States and widened our operations for the provision of on-shore and off-shore support facilities to the North Sea oil industry.

Overseas generally we have had quite a good year, despite a reduction in earnings from the Middle East. The returns we received from overseas when added to those from our U.K. operations yielded group profits a little up on those of the previous year, with a greater emphasis towards the U.K.

Accounts and Dividends

The turnover for 1979, including our share of associated companies, at £438 million compares with £393 million as stated in the 1978 accounts.

The treatment of Taylor Woodrow of Nigeria Limited and Taymech Nigeria Limited as associated companies in 1979 has a material effect on this comparison.

Had these companies been included as associated companies in 1978 the turnover would have been £373 million and the real increase in 1979 £65 million or 17%.

Profit before taxation at £24.6 million compares with £24.0 million in the 1978 accounts. Had the Nigerian companies been treated as associated in 1978 the increase would have been £1.8 million or 8% of profits before tax.

Overseas earnings were adversely affected by nearly £600,000 because of movements of exchange rates in favour of sterling during the year.

After deduction of taxation and minority interests and addition of extraordinary items the profit available to Taylor Woodrow Limited was £16.9 million.

This represented an increase of £7 million over 1978, of

which a large part is accounted for by the reduced tax charge in 1979 which includes a release of £4 million deferred tax in respect of stock relief for 1973 and 1974.

Earnings have accordingly increased substantially to 56.9p per share, of which 14.3p is accounted for by this deferred tax release.

The board has recommended a final dividend of 10.1570p per share which, together with the interim dividend of 3.1500p and the supplementary dividend of 0.2904p for 1978 already paid, makes a total of 13.5974p per share for the year. With the addition of imputed tax credit at 30% this makes 19.4249p compared with 12.2647p per share in respect of 1978.

I would emphasise that in a group such as ours, engaged in activities which sometimes extend over long periods of time, the results should be judged over a number of years rather than over a single year in isolation.

Generally

On 30th June, Sir Frank Taylor, who founded the business 59 years ago relinquished his office of Group Managing Director and was appointed the company's first Life President. He continues to serve as an executive director.

On 2nd July Messrs. R. E. Aldred, N. C. Baker, F. R. Gibb and B. S. L. Trafford were appointed joint managing directors, with myself continuing as Chairman and Chief Executive. Messrs. P. R. L. Drew, J. Millar and R. P. Whitehouse were appointed to membership of the board on the same day.

Our thanks and appreciation go to our many clients for having entrusted us with their work and to the professional people, together with subcontractors and suppliers, all of whom provide us with the co-operation and service which is so essential in carrying out our contracts. Thanks also to all our team members, many of whom are working in remote areas and often in unsocial conditions.

I had the pleasure of meeting some of them during a recent visit to our construction sites in the Far East. We are indeed privileged to have such people.

Finally I would like to record my thanks to my colleagues on the board for their help and guidance so freely given.



Taylor Woodrow International Ltd.



EXPERIENCE, EXPERTISE AND TEAMWORK, WORLDWIDE

TAYLOR WOODROW

Differing views of the brewers

Brokers' views

Two sizable brokers' reports on the drinks industry this week came out with conflicting views of short-term prospects. Hoare Govett's Mr Peter Temple foresees a decline in the pub trade, with greater emphasis on take-home beer and other drinks, tougher drink-driving laws and problems for brewers with huge production units vulnerable to industrial action. But Phillips & Drew's Mr Eric Francis likes brewing shares, pointing out that the sector has outperformed the All-Share Index since February.

He thinks that Bass and Whitbread will continue to outperform, and favours Allied Breweries and Scottish Newcastle as recovery situations. But Hoare Govett says sell brewing shares "on strength", swapping Bass shares for Whitbread and hanging onto Allied and S&N only for their yields.

Turning from drink to food manufacturing, Capel-Cure Myers expects life to be a bit easier for the squeezed food industry in the 1980s than in the 1970s. It sees further growth potential at Cadbury Schweppes and Unigate, while R. H. H. McDougall is "undervalued", but "needs to embark on strategic changes".

Food distribution and retailing have not had an easy time of it lately either, but Sheppards and Chase still reckons there are reasonable prospects in the medium-term for groups like Kwik Save and

Buchan Field in the North expected to produce a pre-cashflow by 1982. Hampton Gold Mining, time Moss says, has "a speculative possibilities", estimating pretax profit 1980 of £980,000, a £907,000 in 1979. But the attraction, it seems also is Hampton's North Sea oil assets. If these come on line, Helstone, Moss expects "a considerable effect" on company.

Other attractive areas lighted this week are the summer credit industry and tricals and electronics. I Milbank likes the look of 1 and Scottish in the con credit side. It is keen on 7 EMI in the electronics bus ICL, and Plessey. BOC an are also rated reasonably t ive, as are insurance by Willis Faber and Se Forbes.

Grand Metropolitan is a too in Laurie Milbank's v bus only as long as it do pay much over £550 for the Liget, accord Phillips & Drew. Unatr in Laurie Milbank's boo textile groups, especially 1 and Nottingham Manufact Carr Sebag likes Millets, its "amazingly good". If results are as they are for medium-term a ciation there, its 1980-81 p are "guessed" at £. against £1.6m. Capel-Cure b likes Mothercare—seeing growth prospects there it cautions about the contr United States adventure.

Rival Hoare Govett, however, is going for £615m pretax at ICI for 1980, with first-quarter results of £150m. The first-quarter results are due to be announced on May 22. For a speculative flutter, Resettlement, Moss is suggesting Charterhall and Hampton Gold Mining. Arrol-Charterhall has a 4.56 per cent interest in the

Business appointments

New financial director for British Railways Board

Mr Philip Sellers has been appointed director of finance by British Railways Board.

Viscount Colville of Culross has become a deputy chairman of the British Electric Traction Company.

Mr Edwin D. Henley, the former chairman of Status Discount, has joined the board of MFI furniture group, with responsibility for property development. Mr John O'Connell has also joined the board.

Mr Cyril Freedman has become marketing director of Pentos with responsibility for consumer marketing and development. He remains a director of Garden and Leisure and has also joined the board of Pentos Publishing Group. Mr Clive Gregory has been appointed group chief executive of Pentos Garden and Leisure Products Group.

Dr John Bass has been appointed director of research for the Plessey Computer Group.

Mrs Oda Kettler Gold has joined the board of Arthur Henriques.

Mr V. E. Sharp has been elected president of the Gauge and Tool Makers' Association.

Mr Leslie J. Parker has been appointed to the board of Morris Vulcan (Sales).

Mr W. Gillespie has been appointed to the newly created post of regional director (Pacific) within the Low & Bonar Group.

Mr C. J. Wagner will retire as chief executive officer of the Lambeth Building Society at the end of May and will be succeeded by Mr David O. Hayward. Mr Wagner will continue as a director.

Mr Alan Scholefield has been appointed chief accountant of Pilkington Flat Glass and of the Pilkington Flat Glass Europe division.

Mr Patrick S. O'Connor, Mr William T. Martin, Mr Geoffrey Lander and Mr Graham M. Lust have become partners in Nabarro Nathanson.

New financial director for British Railways Board

Mr K. Rogers has been elected chairman of the executive board of the Road Haulage Association.

Mr Bertram Tickle has been appointed a director of Fibreglass and works manager of the Division of Relocuments Fibreglass factory at Wrexham, Clwyd.

Mr Derek Blatchford has been elected president of the British Association of Removers.

Mr Stanley R. Benson has been elected chairman of the British Floorcovering Manufacturers' Association.

Mr B. L. McMahon has been appointed a director of Stewart Wriston International Group.

Mr V. Votrakal and Mr A. A. R. Cobbold have been appointed directors of Evade Holdings.

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The Over-the-Counter Market

Capitalisation 2000's	Company	Last Price	Chg on week	Gross Div	Yld %	P/E
3,816	Airsprung Group	66	—	6.7	10.2	*3
800	Armistage & Rhodes	32	+1	3.8	11.9	*2
8,401	Bardon Hill	275	—	13.8	5.0	*8
800	County Cars Pref	80	—	15.3	19.1	*4
6,420	Deborah Ord	9	—	5.0	5.4	*4
4,424	Frank Horsell	118	+3	7.9	6.7	10
14,302	Frederick Parker	99	—	12.8	12.9	*4.1
2,236	George Blair	105	—	16.5	15.7	*4
1,725	Jackson Group	67	—	5.2	7.5	*4
14,768	James Burrough	107	—	12.2	11.1	*9.1
2,876	Robert Jenkins	282	—	31.3	11.1	*9.1
3,431	Torday Limited	223	+1	14.3	6.4	*5
2,778	Twinklford Ord	13	—	0.8	6.5	*2
1,911	Uniflock 12% ULS	70x1	—	12.0	17.1	—
6,137	Uniflock Holdings	47	—	2.6	5.5	10
1,012	Uniflock Holdings New	46	+1	1.1	4.7	9.1
11,622	Walter Alexander	92	—	4.4	4.7	6
4,714	W. S. Yeates	202	+2	12.1	6.0	*3

* Accounts prepared under provision of SSAP15.

ACCOUNT DAYS: Dealings Began, May 12. Dealings End, Today. \$ Conrango Day, June 2. Settlement Day, June 9

§ Forward bargains are permitted on two previous days

(Current market price multiplied by the number of shares in issue for the stock quoted)

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recept., £60; SW19 flat, 2
dbs, beds, £75; Tickenham,
Collage, 3 bed., 2 gds., £40;
SW19, new flat, 2 bed, large
private ice, ggs., £90 inc;
W11, flat, 3 sharers, 3 bed,
£80; W5, collage, close Picca-
dilly tube, 3.3 bed., 2.3
recept., patio, £110 onn;
11th, Battersea, 2 bed, 2

ice.. £120 inc; NW1, flat with water bed.. £120 ono; W1, nice a terrace 3 1/2 mths.. £120 inc; everything; SW6, news hse.. 2 bed.. 2. bath.. ggc.. £120; WR, news hse.. 2 brd.. £125; NW8, bright spacious flat, 2 bed.. 2 recent.. £150; Chelsea flat, 2 brd. lovely views.. £160 inc; W14, hse. 1-5 brd.

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(continued on page 29)

